



## **Moses Kotane Local Municipality**

(Demarcation code NW375)

Financial statements  
for the year ended 30 June 2015

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

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The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
EEDG	Electricity Efficiency Demand Grant
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## General Information

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Speaker	Diale Ralesole Abram
Mayor	Mokati-Thebe Fetsang .
Whip	Matshaba M Z
Executive Committee	Mokati-Thebe Fetsang ( Mayor/Chair Person ) Tshetlhane D (MMC Special project) Nkotswe N ( MMC Communication,Corporate,Human settlement) Lesele K (MMC without Portfolio) Manganye T R (MMC IDP,IGR,PMS) Mashimo R E( MMC Infrastructure services) Motshabi C N ( MMC LED and rural development) Kapari LL (MMC Community services) Setou A ( MMC without Portfolio) Tlabyane D R ( MMC Finance)
MPAC Chair	Vava S ( MPAC Chair)
Councillors	Ndlovu H Moyo F Mkhandawire P Nhlapo L Tau D Moloi N Ntshabele S Leoto D Motshegoa P Zitha L Matshereng N Ramokoka A Motlhaga R Masilo J Letlape A T Pheto R Manganye B Radiokana M Khunou M K Magodiello A Pele J Sekao H Makgothi T Lukhele RM Moeng T Monnakgotla C T Monyatsi M

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# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## General Information

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	Mokgatlhe M M
	Moraope S
	Lephoto E
	Morua E
	Maretele J
	Motsoenyane Z
	Nondzaba M
	Mashishi S N
	Bili L H
	Matlapeng S S
	Ramapotoka G
	Rasepae III M
	Mngomezulu P
	Sekhu S K
	Moate L
	Selotlego D J
	Moatshe G D
	Lesomo LP
	Monaisa JB
	Kodongo HK
	Deleki N
	Tshite L M J
<b>Chief Finance Officer (CFO)</b>	Ms LO Ndlovu
<b>Acting Accounting Officer</b>	Mr PP Shikwane
<b>Registered office</b>	Civic Centre Mogwase 0314
<b>Postal address</b>	Private Bag X 1011 Mogwase 0314
<b>Bankers</b>	ABSA
<b>Auditors</b>	The Auditor General of South Africa
<b>Published</b>	31 August 2015
<b>Grading of local Authority</b>	4
<b>Contact information</b>	Telephone: (014) 555 1300 Fax : (014) 555 6368 Email : <a href="mailto:municipalmanager@moseskotane.gov.za">municipalmanager@moseskotane.gov.za</a>

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# Moses Kotane Local Municipality

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## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on the grants and services that it renders for the community for a continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the Municipality does not intend to liquidate or curtail materially the scale of the municipality.

The financial statements set out on page 381- 439, which have been prepared on the going concern basis, were approved by the on 31 August 2015.

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**Mr PP Shikwane**  
**Acting Municipal Manager**

# **Moses Kotane Local Municipality**

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## **Report of the Chief Financial Officer**

### **1. INTRODUCTION**

It is with great pleasure to present the annual financial statements of Moses Kotane Local Municipality for the year ending 30 June 2015. These annual financial statements were prepared in full compliance with the provision of the generally recognized accounting principles which ensures comparability against prior years

### **2. Performance highlights**

- The municipality managed to pay 99% of its creditors within 30 days upon receiving the invoice with exception of NWDC which is under litigation.
  - The Municipality generated and maintained a healthy surplus of R79.276 Million.
  - All the financial related commitment were honoured.
  - The municipality has improved the record keeping system resulting in the continuous improvement in audit opinion each year.
  - Prior audit exception in relation to finance was reduced by 73%.
  - Section 71 and 72 reports were completed and submitted timeously in all reporting periods.
  - The Adjustment Budget was completed and approved on time while all targets were met with the tabling and approval of the 2014-2015 Budget and MTREF. At this point in time all budget related reports and returns has been submitted to National Treasury while the Annual Financial Statements were completed and submitted to the Auditor-General on 31 August 2015.
  - The Integrated Development Plan was totally revised and aligned with the Budget for 2014-2015 and the MTREF for 2014-2015/2015-2016.
  - The municipality for the first time improved its MIG spending considerably
-

# **Moses Kotane Local Municipality**

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Financial Statements for the year ended 30 June 2015

## **Report of the Chief Financial Officer**

### **3. Our commitment**

#### **Improve Financial Viability**

Moses Kotane Local Municipality remains committed to prudent financial management by strengthening the balance sheet , tightening the credit control and debt management policies and continued improved revenue collection or enhancement strategies. This is evident to the fact that the municipality has accepted assistance by DBSA and Anglo American to cleanse the billing data, metering, assist with water conservation and demand management to reduce the water losses, and aligning billing information with the updated surveyor general information to increase the revenue base.

#### **Clean Audit Opinion**

Despite the municipality having received an unqualified audit opinion in 2013/14, the municipality is committed to achieve a clean audit opinion by addressing the following issues:

- Compliance to SCM to reduce the unauthorized, irregular, fruitless and wasteful expenditure
  - Capacitate the asset management unit to ensure a continuous update on the fixed asset register and testing the impairment on time.
  - Capacitate the SCM unit with regard to contract management.
  - Implement the system that will recognize all the creditors to avoid prior year payments/corrections each year.
  - Improve internal relationships with water department to improve the metering internal controls and other trading related services department (i.e. town planning and housing), to ensure completeness in the billing database.
-



# **Moses Kotane Local Municipality**

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Financial Statements for the year ended 30 June 2015

## **Report of the Chief Financial Officer**

### **4. REVIEW OF OPERATING RESULTS**

#### **4.1 Operating Results 2014/2015**

The municipality has generated a healthy surplus of R79 276 million which has declined by 44.30 % as compared to the previous financial year R142 330 million. The decrease was mainly due to the fact that the main streams of water supply continued to be dried even in the year 2014/2015 e.g. such as boreholes dried up during spring period which forced the municipality to circumvent the situation by employing the water tanker services to the affected residents. The Municipality also procured a fleet of R± R35 million which includes five water tankers, electrification of unit 5 as well as completing other programs not covered by MIG

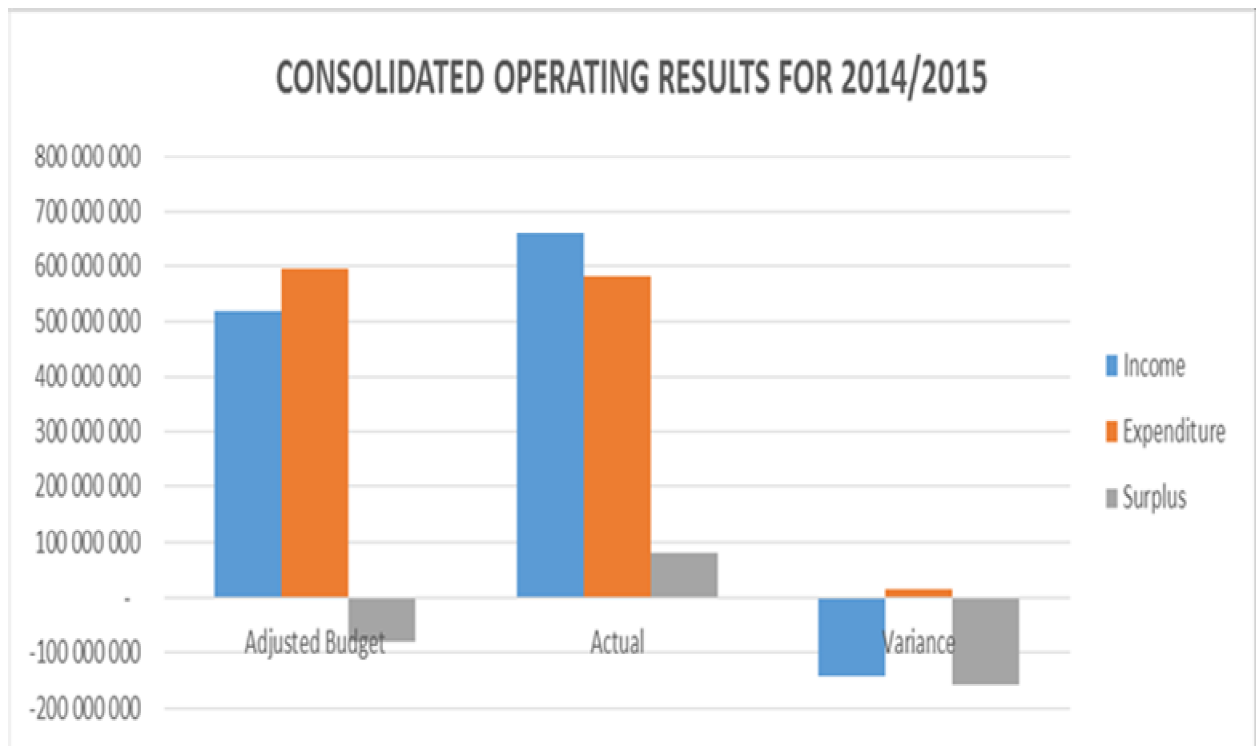
## Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

### Report of the Chief Financial Officer

Consolidated Operating Results 2014/2015						
Details	2015				2014	
	Adjusted Budget	Actual	Variance	% Change	Adjusted Budget	Actual
Income	-517 867 431	-660 610 138	-142 742 707	-27.56	402,626,000	602 065 479
Expenditure	597 422 000	581 334 127	16 087 873	2.69	472,436,000	459 734 850
<b>Surplus</b>	<b>-79 554 569</b>	<b>79 276 011</b>	<b>-158 830 580</b>	<b>-30.26</b>	<b>69,810,000</b>	<b>-142 330 629</b>



# Moses Kotane Local Municipality

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## Report of the Chief Financial Officer

### 5. OPERATING INCOME

The operating revenue has increased by R58.545 million which is as compared to the prior year operating revenue [2014-R602 065 479: 2015-R660 610 138]

Out of the actual income of R661 million Government grants contribute 65.34%. This analysis clearly shows that the municipality is dependent on grants for its survival. This municipality contains 105 villages (deep rural) and two township which makes it difficult to collect the revenue.

The analysis below shows a remarkable improvement in terms of the capital grants spending, thus service delivery to our people. In addition the municipality managed to achieve its budget target on the revenue refer to item 6 below. Despite the improvement the municipality did not achieve its target on the traffic fines revenue due to the fact that the system was only purchased at year end.

INCOME	Budget	Actual	Variance		Percentage Composition	Actual
	2015	2015	2015			2014
	R	R	R	%		R
Property rates	66 374 000	65 624 393	749 607	98,87	10,13	54 104 609
Service charges	123 076 431	127 753 041	-4 676 610	103,80	20,39	103 170 616
Interest Received (investment)	32 200 000	33 161 846	-961 846	102,99	3,48	28 979 909
Traffic fines	3 500 000	1 204 300	2 295 700	34,41	0.18	2 940 600

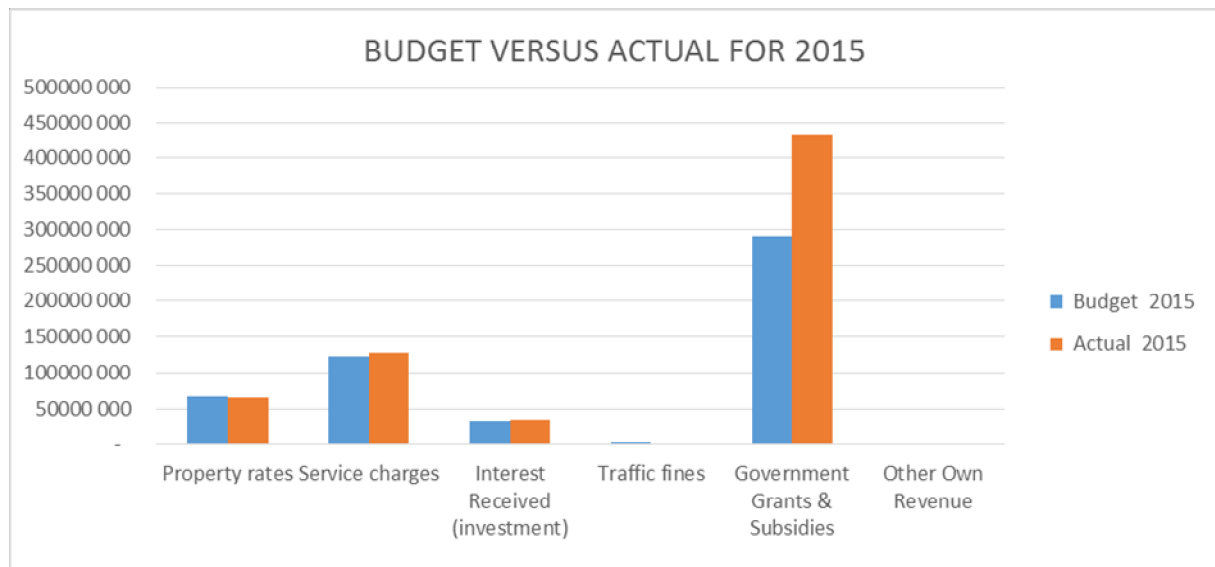
## Moses Kotane Local Municipality

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### Report of the Chief Financial Officer

Government Grants & Subsidies	291 260 848	431 618 736	-140 357 888	148.19	65.34	411 561 046
Other Own Revenue	1 456 152	1 247 822	208 330	85,69	0.19	1 308 699
<b>Totals</b>	<b>517 867 431</b>	<b>660 610 138</b>	<b>-142 742 706</b>	<b>574</b>	<b>100</b>	<b>600 754 901</b>



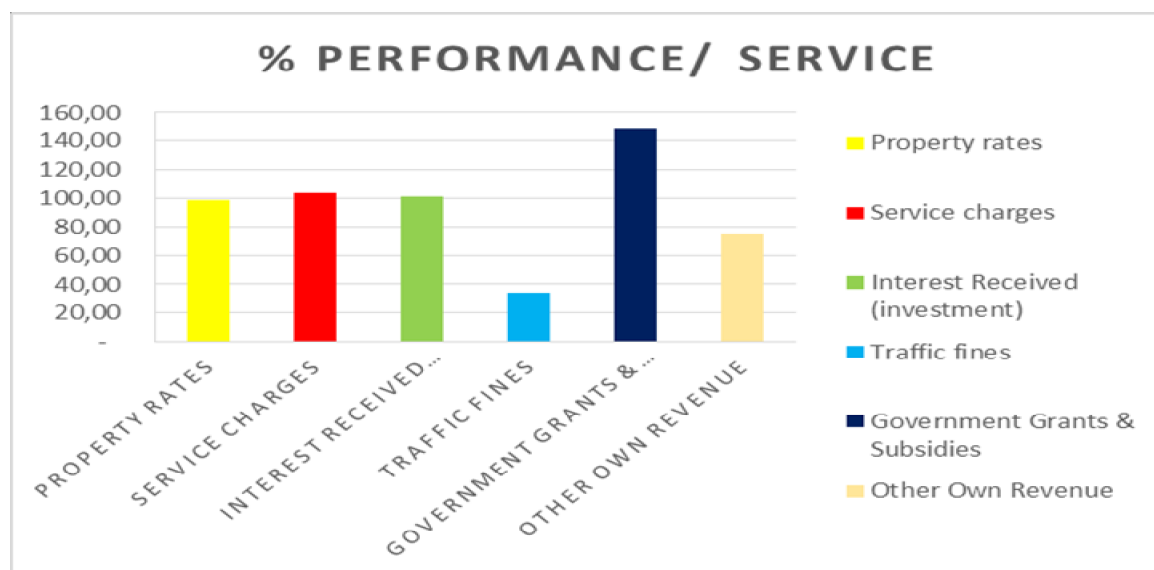
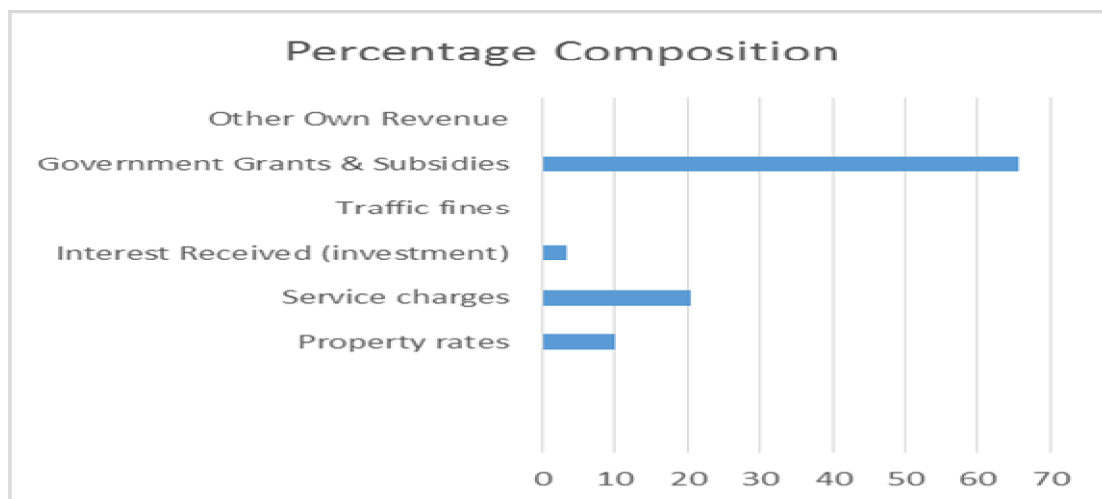
NB from the above analysis government grants performed more than the budget due to the roll over that were realized; Property rates performed 99%, service charges as well as the exceeded the budget, poor collection on the traffic fines.

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## Report of the Chief Financial Officer



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## Report of the Chief Financial Officer

### 6. USER LEVIED CHARGES:

In the year under review there was a notable improvement with regards billing due to the cleansing of data BY DBSA resulting

In the following

- Adjusting journals to correct mistakes with regard client type
- Meter information such as meter stuck , failing to read , or green were attended thus improvement in the billing
- The continued implementation of the DBSA 's recommendation on billing information has improved on the billing data

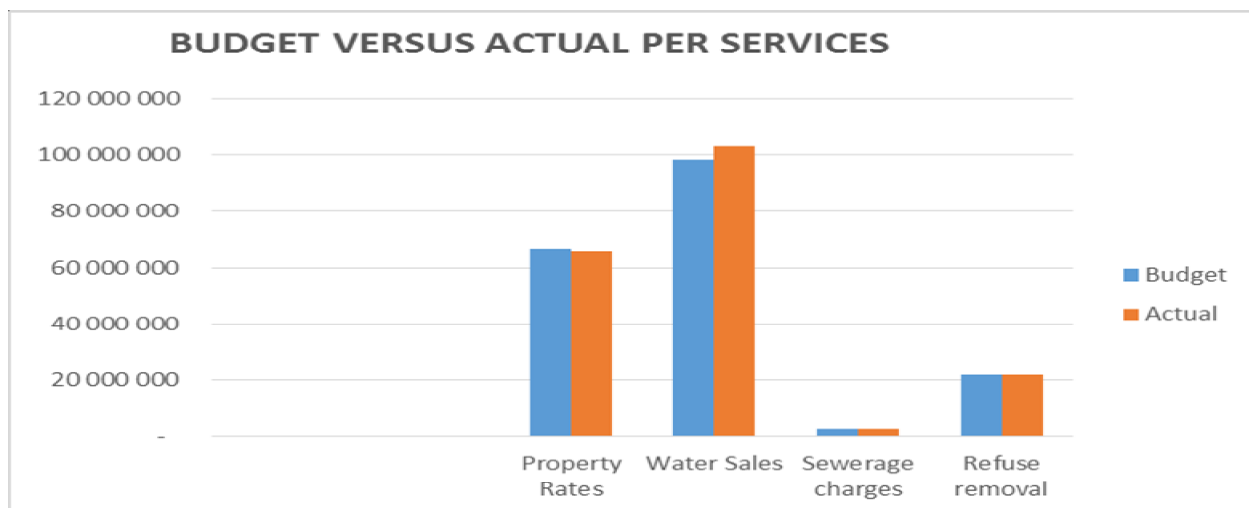
Description	Budget	Actual	Variance	Actual
	2015	2015		2014
	R	R	R	R
Property Rates	66 373 946	65 624 393	749 553	54 104 609
Water Sales	98 385 180	102 965 172	-4 579 992	94 941 484
Sewerage charges	2 879 694	2 854 720	24 974	2 757 279
Refuse removal	21 811 557	21 933 150	-121 593	5 471 853
<b>Totals</b>	189 450 377	193 377 435	-3 927 058	157 275 225

# Moses Kotane Local Municipality

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## Report of the Chief Financial Officer



### 7. Debtors age analysis

Based on the analysis below, the government seemed to be the biggest contributor of the debtors' book of the municipality, however this was coursed by the corrections of all the abeyance recorded in the municipal system.

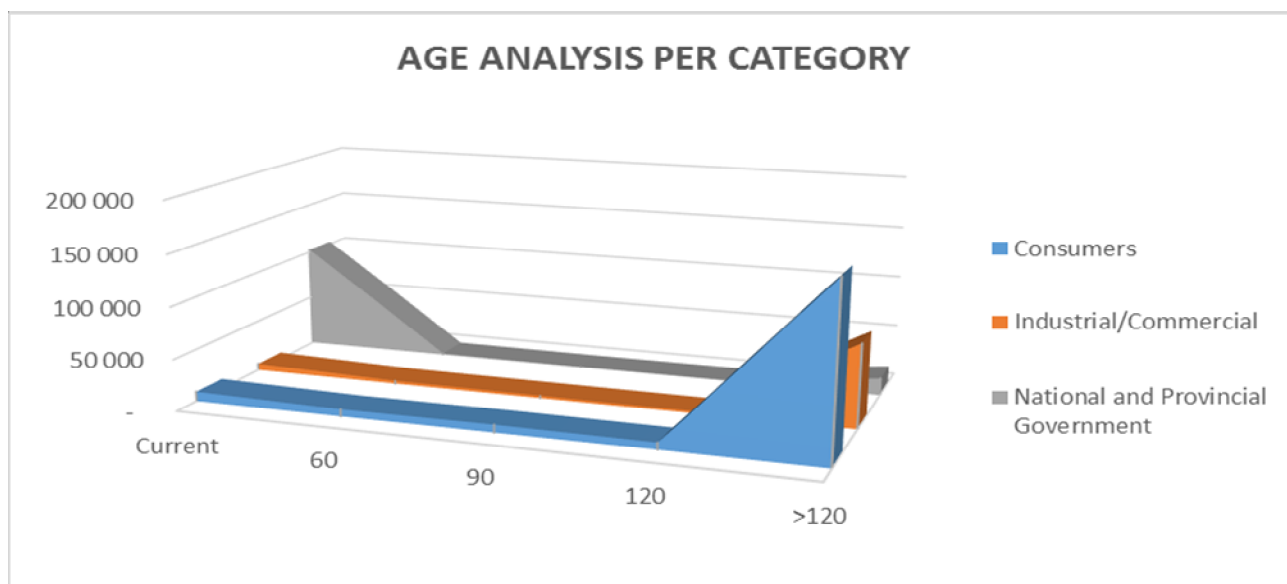
Outstanding Debtors	Days Outstanding				
Details	Current	60	90	120	>120
Debtors by customer classification	R				
Consumers	9 270	6 992	7 580	6 819	166 199
Industrial/Commercial	6 369	2 713	2 384	2 004	80 601
National and Provincial Government	102 506	1 206	642	672	16 657

## Moses Kotane Local Municipality

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### Report of the Chief Financial Officer



### 8. OPERATING EXPENDITURE 2014/2015

The following shows the expenditure per grouping versus amounts budgeted:

Description	2015	2015	Adjustments Budget	2014	Year 0 Variance	
	Actual	Original Budget		Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Personnel	129 574	152 935	132 577	115 661		
Remuneration of Councillors	19 154	19 515	19 004	18 179		
Debt Impairment	59 111	51 518	54 945	64 814		
Depreciation and Amortisation	67 342	95 468	95 468	65 865		
Finance Costs	9 316	9 998				



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### Report of the Chief Financial Officer

			8 998	8 586		
Bulk Purchases	55 524	43 500	52 500	41 849		
Contracted	24 293	29 000	24 949	27 756		
Other Expenditure	167 514	147 463	170 874	85 646		
Repairs	45 432	33 148	38 105	31 377		
Gains and Losses	4 074					
<b>Total Expenditure</b>	<b>581 334</b>	<b>582 545</b>	<b>597 420</b>	<b>459 733</b>		

#### 8.1 REMUNERATION vs. OPERATING EXPENDITURE

The saving on expenditure on employee related costs compared to the budget can be attributed to savings realized on vacancies not filled as well as vacancies filled at a later stage during the financial year.

The upper limits of salaries, allowances and benefits of different members of the council have been paid in terms of the remuneration of Public Bearers Act, 1988 (Act NO. 20 of 1998) as promulgated in the Government gazette issued in 25 March 2015. The salaries of the employees of the council has been paid in terms of the stipulations as contained in the salary and wages collective agreement of the South African Local Government Bargaining council for the 2014/2015 financial year.

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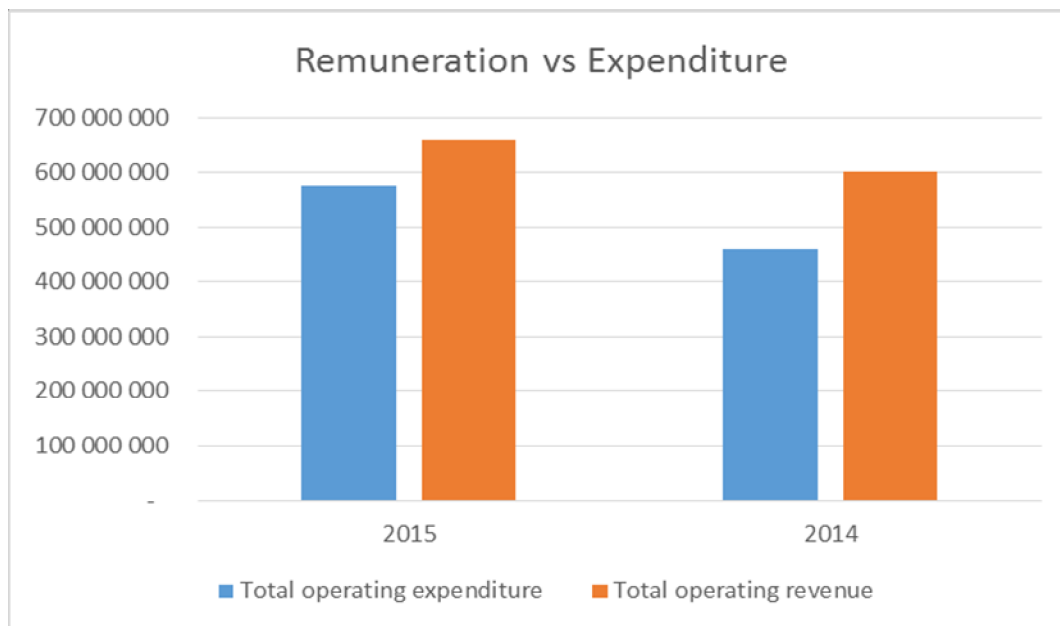
# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

Description	2015	2014
	Municipality	Municipality
	R	R
Total operating expenditure	581 334 127	459 734 850
Total operating revenue	660 610 138	602 065 479
Employee remuneration	129 574 188	115 660 606
Ratio: % of total expenditure	22.29%	25.16%
Ratio: % of total revenue	19.61%	19.21%
% decrease in remuneration	2.83%	5.95%



# Moses Kotane Local Municipality

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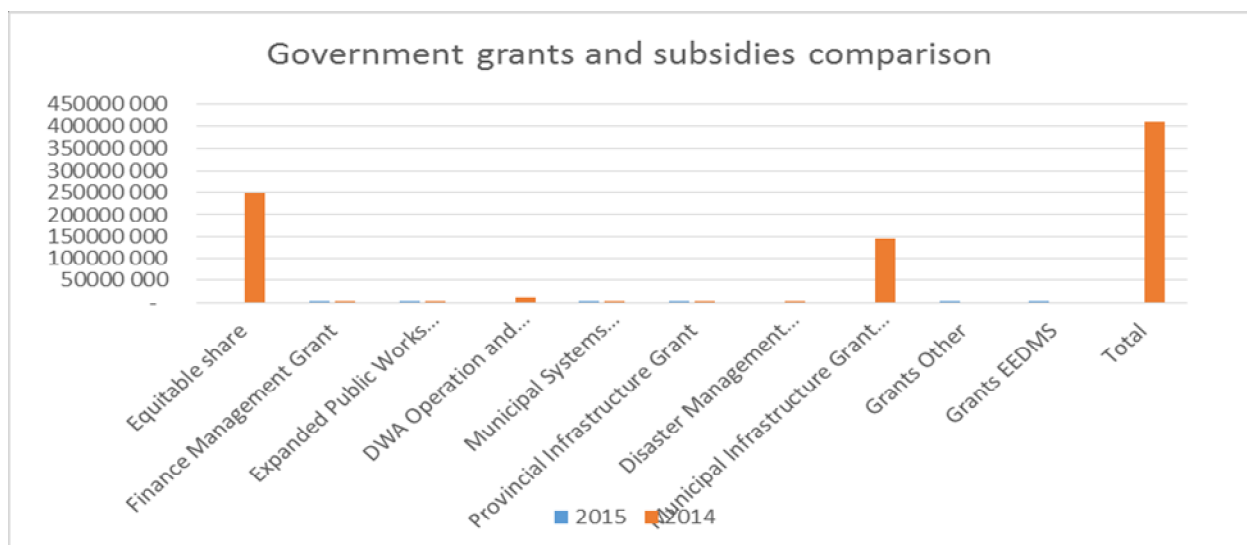
Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

### 9. GRANTS AND SUBSIDIES:

Description	2015	2014
	Municipality	Municipality
	R	R
Equitable share	275 714 000	248 276 650
Finance Management Grant	1600 000	1 550 000
Expanded Public Works Programme	1845 000	2 386 000
DWA Operation and Maintenance	15 199 975	11 792 847
Municipal Systems Improvement Grant (MSIG)	934 000	890 000
Provincial Infrastructure Grant	530 000	880 641
Disaster Management Awareness	0	212 493
Municipal Infrastructure Grant (MIG)	128 836 977	145 572 415
Grants Other	3 184 798	-
Grants EEDMS	3 773 307	-
<b>Total</b>	<b>431 619 000</b>	<b>411 561 046</b>

The variation in the actual amounts between the 2014/2015 and 2013/2014 financial years are due to the increase of the equitable share and the transfer of the Conditional Grants met to revenue.



# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

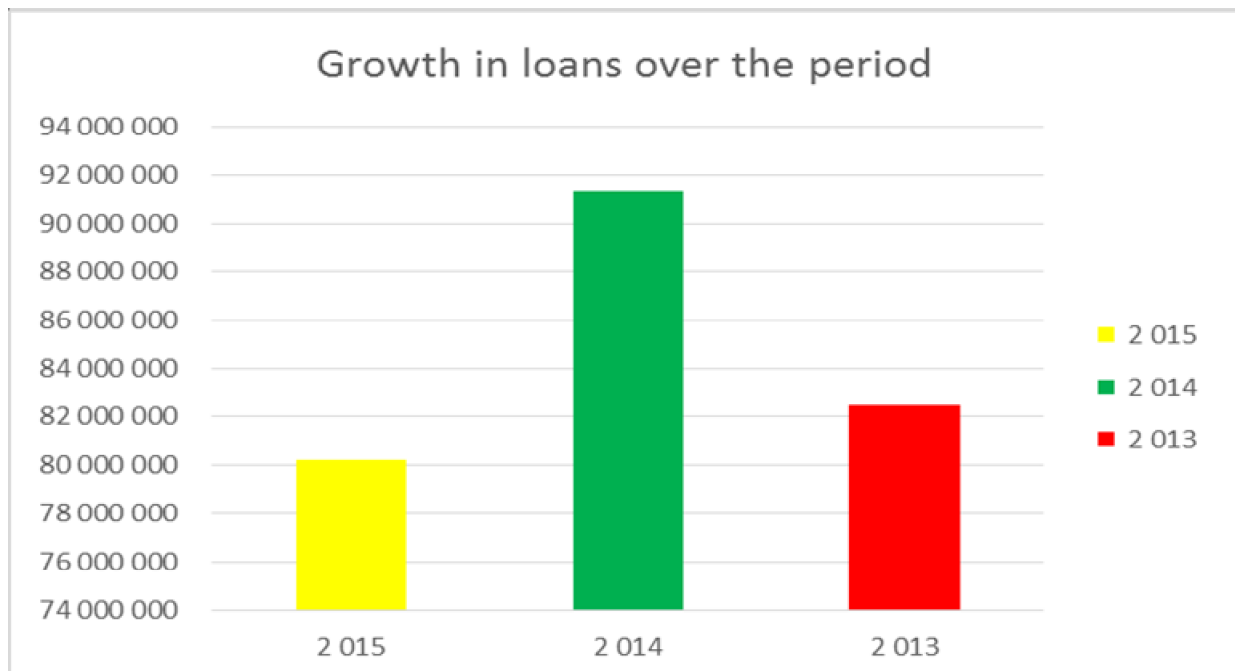
### 10. MUNICIPAL DEBT & INVESTMENTS

#### 10.1. Long Term Debt

Below is the movement of long term debtors at year-end

External Loans	2015	2014	2013
	R	R	R
Long-term loans	72 496 137	79 812 554	82 476 847
<b>Total</b>	<b>72 496 137</b>	<b>79 812 554</b>	<b>82 476 847</b>
<b>Finance Lease Obligation (minimum lease payments)</b>	<b>7 688 909</b>	<b>11 523 333</b>	

The municipality has entered into a finance lease for ICT hardware and revamp to the value of R12 Million, and the balance at year end amounts to R7.688 million.



# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

### 10.2 Investments

	2015	2014	2013
INSTITUTION	R	R	R
Absa Rustenburg Branch	10 592 629	17 430 483	1 960 880
Capital Replacement Reserve	27 450 737	18 105 823	-
Housing Account	338 701	782 441	440 840
Traffic Account	415 426	208 317	189 619
MKLM Call Account	12 454 016	75 719 605	41 568 609
Housing Subsidy Account	9 404	9 021	8 700
MIG Call Account	28 816 714	48 975 665	116 397 196
Civic Centre Call Account	70 649	4 451 806	13 070 317
Water & Sanitation Call Account	194 725	186 841	180 184
Ledig Reservoir	5 120 462	-	-
Petty cash	20 000	20 000	-
<b>Total Investments</b>	<b>85 483 463</b>	<b>165 890 006</b>	<b>173 816 345</b>

The graph below shows that the municipality has sufficient cash to honour its long commitment.

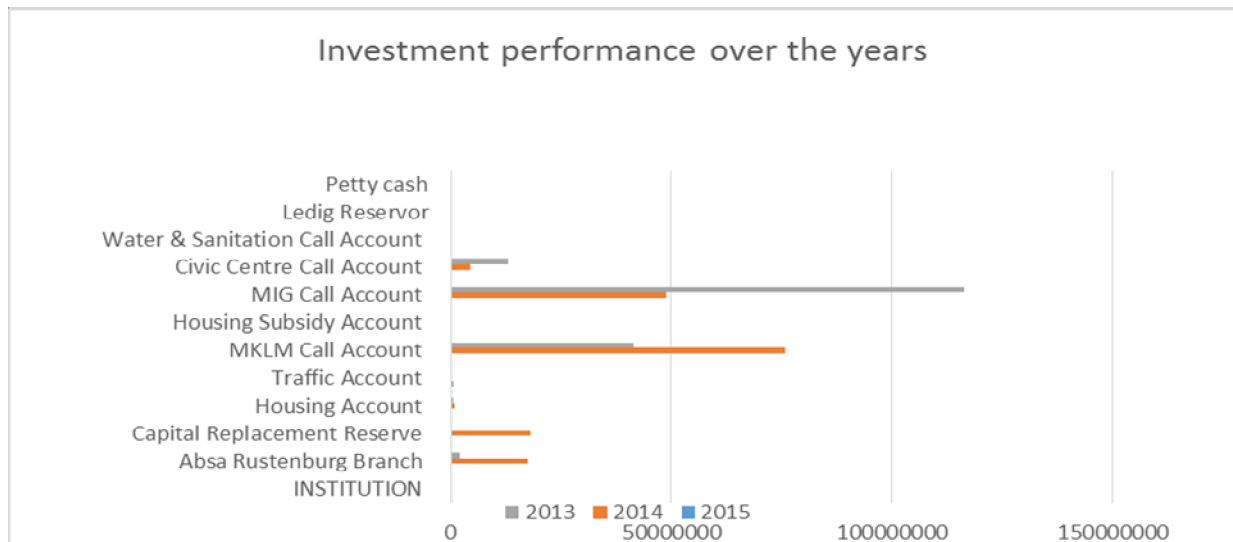
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## Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

### Report of the Chief Financial Officer



### 11. CAPITAL EXPENDITURE AND FINANCING

As far as the capital expenditure is concerned, Council addressed the backlog in certain areas without neglecting the current assets. Backlogs in infrastructure were given a very high priority during the approval of the capital- and operating expenditure. In addition, the Council adhered to guidelines that National Treasury had set for capital expenditure while capital expenditure program was IDP driven. The expenditure incurred during the year in respect of fixed assets, amounted to R123 355 426

The table shows the distribution of the fixed assets according to the type of asset:

	Carrying Value	Carrying Value	Movement	Growth
Description	2015	2014		%
	R	R	R	
Land	13 026 149	13 026 149	0	-
Buildings	30 027 406	30 901 651	-874 245	-2.83
Infrastructure	802 096 847	750 457 240	51 639 607	6.88

## Moses Kotane Local Municipality

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### Report of the Chief Financial Officer

Community Assets	128 188 470	116 945 264	11 243 206	9.61
Other PPE	64 055 916	30 284 536	33 771 380	111.51
<b>Total</b>	<b>1 037 394 788</b>	<b>941 641 840</b>	<b>95 779 948</b>	<b>10.17</b>

The above-mentioned fixed assets were financed from the following sources:

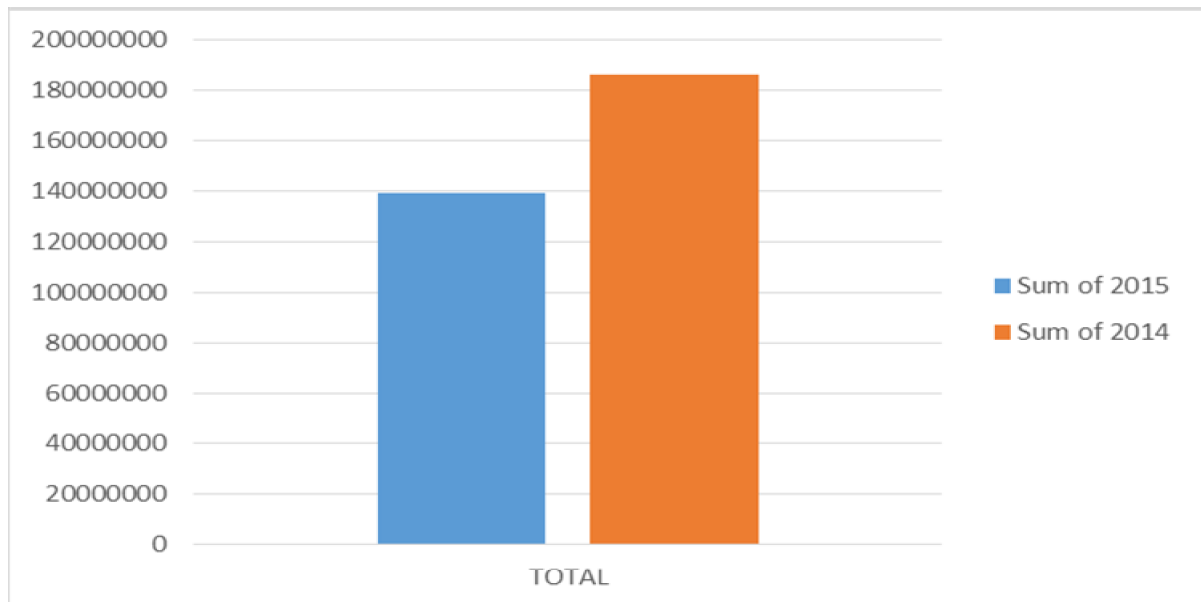
Funding source	2015	2014	Variance	% Change
	R	R	R	
Absa Annuity Loan	14 781 534	16 733 329	-1 951 795	13.20
INCA Annuity Loan	24 696 111	27 595 826	-2 899 715	11.74
DBSA Annuity Loan	33 018 492	35 483 398	-2 464 906	7.47
Finance Lease Obligation (minimum lease payments)	7 688 910	11 523 333	-3 834 423	49.87
Unspent Conditional Grants	2 587 086	23 575 846	-20 988 760	811.29
Payables from Exchange Transactions	57 711 009	72 935 761	-15 224 752	26.38
<b>TOTAL</b>	<b>140 483 142</b>	<b>187 847 493</b>	<b>-47 364 351</b>	<b>920</b>

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer



## Key Financial Ratios

Type	2015	2014
Cash and cash equivalents	85 483 463	165 889 206
Liquidity ratio	3.87	3.34
Acid test ratio	3.70	3.23
<b>Gearing ratios</b>		
Debt/Equity	14.41%	19.42%
Debt Ratio (Liabilities/Assets)	13%	16%



# Moses Kotane Local Municipality

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## Report of the Chief Financial Officer

Type	2015	2014	Variance (R)	Variance
	Municipality	Municipality	Group	Group
	R	R	R	(%)
Current assets	354 038 659	416 129 484	-62 090 825	-17.54
Non-current assets	1 037 658 590	941 865 709	95 792 881	9.23
<b>Total Assets</b>	<b>1 391 697 249</b>	<b>1 357 995 193</b>	<b>33 702 056</b>	<b>2.42</b>
Current liabilities	91 407 670	124 739 536	-33 331 866	-36.47
Non-current liabilities	83 882 644	96 124 748	-12 242 104	-14.59
<b>Total liabilities</b>	<b>175 290 314</b>	<b>220 864 284</b>	<b>-45 573 970</b>	<b>-26.00</b>
<b>Net Assets</b>	<b>1 216 406 935</b>	<b>1 137 130 909</b>	<b>79 276 026</b>	<b>12.95</b>

Financial Statistics	2015	2014
	Municipality	Municipality
Current asset ratio	3.87	3.34
Acid test ratio	3.70	3.23
Total long-term debt to total revenue*	0.13	0.16
Inventory turnover (times)	0.16	0.22
Cash-flow to Debt ratio (operating cash flow to debt)	0.94	1.33
Financing to capital expenditure ratio	17%	23%
Repairs & maintenance to annual operating revenue	6.88%	5.21%
Net debtors to total annual operating revenue	34.53%	36.43%

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

### 12. INVESTMENTS

External investments on 30 June 2015 amounted to R85 483 463 compared to R165 889 206 for 2013/2014.

#### Investments & Bank Accounts

	2015	2014	2013
INSTITUTION	R	R	R
Absa Rustenburg Branch	10 592 629	17 430 483	1 960 880
Capital Replacement Reserve	27 450 737	18 105 823	-
Housing Account	338 701	782 441	440 840
Traffic Account	415 426	208 317	189 619
MKLM Call Account	12 454 016	75 719 605	41 568 609
Housing Subsidy Account	9 404	9 021	8 700
MIG Call Account	28 816 714	48 975 665	116 397 196
Civic Centre Call Account	70 649	4 451 806	13 070 317
Water & Sanitation Call Account	194 725	186 841	180 184
Ledig Reservoir –Water projects	5 120 462	-	-
Petty cash	20 000	20 000	
<b>Total Investments</b>	<b>85 483 463</b>	<b>165 890 006</b>	<b>173 816 345</b>

Investment Trends over the years.

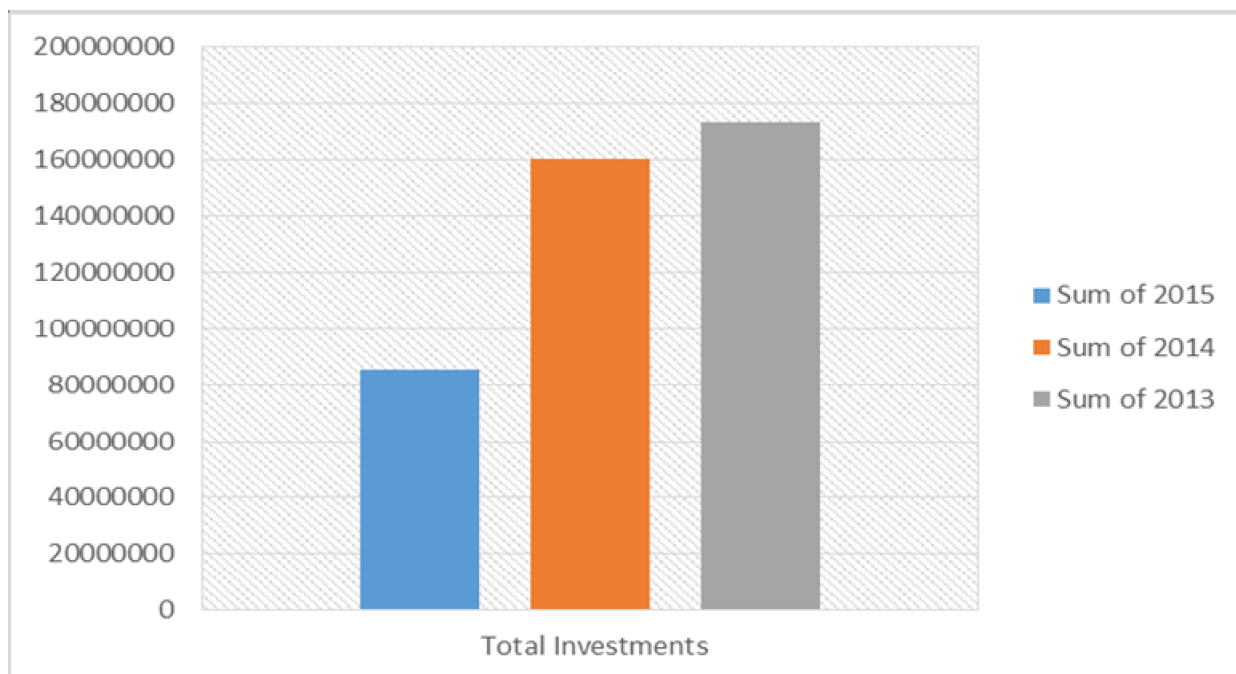
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# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer



### 13. HOUSING

The council is acting as an agent for the Northwest Province for the building of RDP houses. The property on which the houses are built belongs to the Traditional Authorities in that area and not to the council. The houses will also be registered in the name of the beneficiary whom is receiving a subsidy from Provincial Government.

The money received from the Northwest Province is paid into a separate bank account from where the suppliers are being paid.

### 14. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, the Executive Committee, Municipal Manager, Councilors and Departmental Managers for the support they have given to the department during the 2014/2015 financial year.

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# **Moses Kotane Local Municipality**

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## **Report of the Chief Financial Officer**

A special word of appreciation is extended to the team of the Budget and Treasury Office for the months of hard work, sacrifices and dedicated efforts during the financial year to enable us to finalize these financial statements. A special word of thanks to the HOU's: Expenditure and Revenue and SCM for their dedication and countless days and nights spent to achieve the goals. To the Managers that came in after hours to help with the final reconciliations please accept our appreciation.

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**Ms. L O NDLOVU**

**Chief Financial Officer**

**Moses Kotane Local Municipality**

**31 August 2015**

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# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	6	15 933 227	13 347 530
Consumer debtors	9	228 139 329	219 356 842
Receivables from exchange transactions	7	2 835 406	1 687 056
Cash and cash equivalents	10	85 483 463	165 889 206
Receivables from non-exchange transactions	8	11 711 548	12 523 821
VAT receivable		9 935 686	3 325 029
		<b>354 038 659</b>	<b>416 129 484</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	1 037 394 788	941 614 840
Heritage assets	4	14 000	14 000
Other financial assets	5	249 802	236 869
		<b>1 037 658 590</b>	<b>941 865 709</b>
<b>Total Assets</b>		<b>1 391 697 249</b>	<b>1 357 995 193</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Provisions	14	18 835 093	17 142 245
Payables from exchange transactions	15	57 711 009	72 935 761
Unspent conditional grants and receipts	12	2 587 086	23 575 846
Finance lease obligation	11	4 161 038	3 834 424
Other financial liabilities	13	8 113 444	7 251 260
		<b>91 407 670</b>	<b>124 739 536</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	13	64 391 674	72 561 294
Finance lease obligation	11	3 527 871	7 688 909
Provisions	14	15 963 099	15 874 545
		<b>83 882 644</b>	<b>96 124 748</b>
<b>Total Liabilities</b>		<b>175 290 314</b>	<b>220 864 284</b>
<b>Net Assets</b>		<b>1 216 406 935</b>	<b>1 137 130 909</b>
Accumulated surplus		1 216 406 935	1 137 130 909

\* See Note 35

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	18	127 753 041	103 170 616
Commission received		105 115	314 832
Rental income		5 287	5 485
Sales of housing stands		-	39 291
Other income	20	1 137 420	949 091
Interest received	26	33 161 846	28 979 909
<b>Total revenue from exchange transactions</b>		<b>162 162 709</b>	<b>133 459 224</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	17	65 624 393	54 104 609
<b>Transfer revenue</b>			
Government grants & subsidies	19	431 618 736	411 561 046
Fines		1 204 300	2 940 600
<b>Total revenue from non-exchange transactions</b>		<b>498 447 429</b>	<b>468 606 255</b>
<b>Total revenue</b>	16	<b>660 610 138</b>	<b>602 065 479</b>
<b>Expenditure</b>			
Employee related costs	22	(129 574 188)	(115 660 606)
Remuneration of councillors	23	(19 153 919)	(18 178 882)
Contribution to provisions	24	(7 542 258)	(9 536 173)
Depreciation and amortisation	27	(67 341 989)	(64 814 883)
Finance costs	28	(9 315 631)	(8 586 287)
Debt Impairment	25	(59 110 887)	(65 865 525)
Repairs and maintenance		(45 432 730)	(31 377 333)
Bulk purchases	31	(55 524 546)	(41 849 414)
Contracted services	30	(24 292 831)	(27 756 081)
Ward committee's		(3 496 922)	(2 597 639)
General Expenses	21	(156 474 056)	(73 512 027)
<b>Total expenditure</b>		<b>(577 259 957)</b>	<b>(459 734 850)</b>
<b>Operating surplus</b>		<b>83 350 181</b>	<b>142 330 629</b>
Loss on disposal of assets and liabilities		(4 074 170)	-
<b>Surplus for the year</b>		<b>79 276 011</b>	<b>142 330 629</b>

\* See Note 35

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	886 631 536	886 631 536
Adjustments		
Prior year adjustments	108 209 358	108 209 358
<b>Balance at 01 July 2013 as restated*</b>	<b>994 800 279</b>	<b>994 800 279</b>
Changes in net assets		
Surplus for the year	142 330 630	142 330 630
Total changes	142 330 630	142 330 630
<b>Restated* Balance at 01 July 2014</b>	<b>1 137 130 924</b>	<b>1 137 130 924</b>
Changes in net assets		
Surplus for the year	79 276 011	79 276 011
Total changes	79 276 011	79 276 011
<b>Balance at 30 June 2015</b>	<b>1 216 406 935</b>	<b>1 216 406 935</b>

Disclosure of prior period errors is provided in note 35 on page 76.

\* See Note 35

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Revenue from non-exchange transactions		70 513 996	23 766 230
Sale of goods and services		107 569 767	110 495 811
Grants		412 646 549	354 379 064
Interest income		33 161 846	28 979 909
		623 892 158	517 621 014
<b>Payments</b>			
Employee costs		(148 728 107)	(133 839 488)
Suppliers		(367 903 277)	(241 379 331)
Finance costs		(9 315 631)	(8 586 287)
		(525 947 015)	(383 805 106)
<b>Net cash flows from operating activities</b>	32	<b>97 945 143</b>	<b>133 815 908</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(168 864 357)	(38 685 589)
Proceeds from sale of property, plant and equipment	3	127 702	-
Increase (decrease) in other financial assets		(12 933)	(12 015)
Non-cash correction in current year		1 540 562	76 531
Correction of error as disclosed in 2014 AFS		-	24 976 532
Adjustment on prior year Library Grant		-	302 080
Amounts attributable to assets under construction		-	(142 482 502)
<b>Net cash flows from investing activities</b>		<b>(167 209 026)</b>	<b>(155 824 963)</b>
<b>Cash flows from financing activities</b>			
Increase in (Repayment of) other financial liabilities		(7 307 436)	(2 664 293)
Finance lease payments		(3 834 424)	11 523 333
<b>Net cash flows from financing activities</b>		<b>(11 141 860)</b>	<b>8 859 040</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(80 405 743)</b>	<b>(13 150 015)</b>
Cash and cash equivalents at the beginning of the year		165 889 206	179 039 221
<b>Cash and cash equivalents at the end of the year</b>	10	<b>85 483 463</b>	<b>165 889 206</b>

\* See Note 35



# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	127 557 000	(4 480 569)	<b>123 076 431</b>	127 753 041	<b>4 676 610</b>	N/A
Commissions received	500 000	(400 000)	<b>100 000</b>	105 115	<b>5 115</b>	N/A
Rental income	-	-	-	5 287	<b>5 287</b>	N/A
Sale of Stands/Land	40 000	15 000	<b>55 000</b>	-	<b>(55 000)</b>	N/A
Other income	23 616 000	385 000	<b>24 001 000</b>	1 137 420	<b>(22 863 580)</b>	Interest on Debtors included in other Revenue
Interest received - investment	9 700 000	(200 000)	<b>9 500 000</b>	33 161 846	<b>23 661 846</b>	N/A
<b>Total revenue from exchange transactions</b>	<b>161 413 000</b>	<b>(4 680 569)</b>	<b>156 732 431</b>	<b>162 162 709</b>	<b>5 430 278</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	65 774 000	600 000	<b>66 374 000</b>	65 624 393	<b>(749 607)</b>	N/A
<b>Transfer revenue</b>						
Government grants & subsidies	291 261 000	-	<b>291 261 000</b>	431 618 736	<b>140 357 736</b>	Condition met
Fines	3 500 000	-	<b>3 500 000</b>	1 204 300	<b>(2 295 700)</b>	Contract terminated
<b>Total revenue from non-exchange transactions</b>	<b>360 535 000</b>	<b>600 000</b>	<b>361 135 000</b>	<b>498 447 429</b>	<b>137 312 429</b>	
<b>Total revenue</b>	<b>521 948 000</b>	<b>(4 080 569)</b>	<b>517 867 431</b>	<b>660 610 138</b>	<b>142 742 707</b>	
<b>Expenditure</b>						
Personnel	144 020 000	(11 443 000)	<b>132 577 000</b>	(129 574 188)	<b>3 002 812</b>	Late appointments
Remuneration of councillors	19 515 000	(511 000)	<b>19 004 000</b>	(19 153 919)	<b>(149 919)</b>	N/A
Provision	3 225 000	-	<b>3 225 000</b>	(7 542 258)	<b>(4 317 258)</b>	Provision for leave
Depreciation and amortisation	95 468 000	-	<b>95 468 000</b>	(67 341 989)	<b>28 126 012</b>	Project not completed
Finance costs	9 998 000	(1 000 158)	<b>8 997 842</b>	(9 315 631)	<b>(317 789)</b>	N/A
Debt impairment	53 998 000	(2 277 430)	<b>51 720 570</b>	(59 110 887)	<b>(7 390 317)</b>	Non payment
Repairs and maintenance	35 486 000	2 619 800	<b>38 105 800</b>	(45 432 730)	<b>(7 326 930)</b>	Expenditure on water grant from NWPG
Bulk purchases	43 500 000	9 000 000	<b>52 500 000</b>	(55 524 546)	<b>(3 024 546)</b>	Overspend on bulk purchases
Contracted Services	27 779 000	(2 830 000)	<b>24 949 000</b>	(24 292 831)	<b>656 169</b>	Contract terminated
Ward committees	4 100 000	(300 000)	<b>3 800 000</b>	(3 496 922)	<b>303 078</b>	N/A
General Expenses	164 413 000	2 661 788	<b>167 074 788</b>	(156 474 056)	<b>10 600 732</b>	N/A
<b>Total expenditure</b>	<b>601 502 000</b>	<b>(4 080 000)</b>	<b>597 422 000</b>	<b>(577 259 957)</b>	<b>20 162 044</b>	

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Operating surplus</b>	<b>1 123 450 000</b>	<b>(8 160 569)</b>	<b>1 115 289 431</b>	<b>83 350 181</b>	<b>(1 031 939 250)</b>	
Loss on disposal of assets and liabilities	-	-	-	(4 074 170)	<b>(4 074 170)</b>	
<b>Surplus before taxation</b>	<b>1 123 450 000</b>	<b>(8 160 569)</b>	<b>1 115 289 431</b>	<b>79 276 011</b>	<b>(1 036 013 420)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>1 123 450 000</b>	<b>(8 160 569)</b>	<b>1 115 289 431</b>	<b>79 276 011</b>	<b>(1 036 013 420)</b>	

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2015</b>											
<b>Financial Performance</b>											
Property rates	65 774 000	600 000	66 374 000	-		66 374 000	65 624 393		(749 607)	99 %	100 %
Service charges	127 557 000	(4 480 000)	123 077 000	-		123 077 000	127 753 041		4 676 041	104 %	100 %
Investment revenue	9 700 000	(200 000)	9 500 000	-		9 500 000	33 161 846		23 661 846	349 %	342 %
Transfers recognised - operational	291 261 000	-	291 261 000	-		291 261 000	431 618 735		140 357 735	148 %	148 %
Other own revenue	27 656 000	-	27 656 000	-		27 656 000	2 452 124		(25 203 876)	9 %	9 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>521 948 000</b>	<b>(4 080 000)</b>	<b>517 868 000</b>	<b>-</b>		<b>517 868 000</b>	<b>660 610 139</b>		<b>142 742 139</b>	<b>128 %</b>	<b>127 %</b>
Employee costs	144 020 000	(11 443 000)	132 577 000	-	-	132 577 000	(129 574 188)	-	(262 151 188)	(98)%	(90)%
Remuneration of councillors	19 515 206	(511 000)	19 004 206	-	-	19 004 206	19 153 919	-	149 713	101 %	98 %
Debt impairment	53 998 000	(2 277 000)	51 721 000			51 721 000	(59 110 887)	-	(110 831 887)	(114)%	(109)%
Depreciation and asset impairment	95 468 000	-	95 468 000			95 468 000	(67 341 989)	-	(162 809 989)	(71)%	(71)%
Finance charges	9 998 000	(1 000 000)	8 998 000	-	-	8 998 000	(9 315 631)	-	(18 313 631)	(104)%	(93)%
Materials and bulk purchases	78 986 000	11 620 000	90 606 000	-	-	90 606 000	(100 957 276)	-	(191 563 276)	(111)%	(128)%
Other expenditure	199 517 000	(469 000)	199 048 000	-	-	199 048 000	(234 188 082)	-	(433 236 082)	(118)%	(117)%
<b>Total expenditure</b>	<b>601 502 206</b>	<b>(4 080 000)</b>	<b>597 422 206</b>	<b>-</b>	<b>-</b>	<b>597 422 206</b>	<b>(581 334 134)</b>	<b>-</b>	<b>(1 178 756 340)</b>	<b>(97)%</b>	<b>(97)%</b>
<b>Surplus/(Deficit)</b>	<b>1 123 450 206</b>	<b>(8 160 000)</b>	<b>1 115 290 206</b>	<b>-</b>		<b>1 115 290 206</b>	<b>79 276 005</b>		<b>(1 036 014 201)</b>	<b>7 %</b>	<b>7 %</b>

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	217 807 000	(16 800 000)	201 007 000	-		201 007 000	160 016 279		(40 990 721)	80 %	73 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>1 341 257 206</b>	<b>(24 960 000)</b>	<b>1 316 297 206</b>	<b>-</b>		<b>1 316 297 206</b>	<b>239 292 284</b>		<b>(1 077 004 922)</b>	<b>18 %</b>	<b>18 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>1 341 257 206</b>	<b>(24 960 000)</b>	<b>1 316 297 206</b>	<b>-</b>		<b>1 316 297 206</b>	<b>239 292 284</b>		<b>(1 077 004 922)</b>	<b>18 %</b>	<b>18 %</b>

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, is disclosed below.

#### 1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Basis of preparation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognized when they occur and are recorded in the financial statements within the period to which they related. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by an accounting standard.

A summary of significant accounting policies, which have been applied consistently are consistent with those of the previous year financial statements, unless explicitly stated the details of any changes in the accounting policies are explained in the relevant policy.

The standards are summarized as follows:

GRAP 1: Presentation of the financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

GRAP 4: The effect of changes in foreign exchange transactions

GRAP 5: Borrowing cost

GRAP 6: Consolidated and separate financial statements

GRAP 7: Investments in associates

GRAP 8: Interest in joint ventures

GRAP 9: Revenue from exchange transactions

GRAP 10: Financial reporting in hyperinflationary economies

GRAP 11: Construction contracts

GRAP 12: Inventories

GRAP 13: Leases

GRAP 14: Events after reporting date

GRAP 16: Investment property

GRAP 17: Property, plant and equipment

GRAP 19: Provisions, contingent liabilities and contingent assets

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# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.2 Basis of preparation (continued)

GRAP 21: Impairment of non-cash - general Property, plant and equipment

GRAP 23: Revenue from non-exchange transactions (taxes and transfer)

GRAP 26: Impairment of cash-generating assets

GRAP 100: Non-current assets held for sale and discontinued operations

GRAP 101: Agricultural

GRAP 102: Intangible assets Additional text

GRAP 103: Heritage assets

GRAP 104: Financial instrument

Consideration was given to the Accounting standards approved but not yet affected in the accounting policy. A number of new standards that are not yet effective for the year ended 30 June 2015 are presented in note 2 GRAP 21 : Impairment of non cash generating assets.

### 1.3 Going Concern

These annual financial statements have been prepared on the assumption that the Municipality will continue to operate as a going concern for at least the next 12 months.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Infinite
Buildings	10-50 years
Infrastructure	15 - 100 years
• Roads	30
• Paving	20
• Electricity	20 - 30
• Water	15 - 20
• Sewerage	20 - 30
• Housing	30
• Building	30
Community	7 - 100 years
• Buildings	30
• Recreational Facilities	20 - 30
Other property, plant and equipment	
• Other vehicles	5
• Office equipment	7
• Computer equipment & software	5
• Specialist vehicles	7
• Security	5
• Furniture and fittings	7
• Bins and containers	5
• Specialized plant and equipment	15
• Other items of plant and equipment	5
• Land fill sites	55
Heritage	Indefinite
• Other property, plant and equipment	2 - 10 years

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognized on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such difference is recognized in surplus or deficit when the item is derecognized.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognized in surplus or deficit when the compensation becomes receivable.

Useful lives of property, plant and equipment.

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on the pattern in which an asset's future economic benefits or services potential are expected to be consumed by the Municipality.

### 1.5 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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### 1.5 Heritage assets (continued)

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

### 1.6 Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Other receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at fair value
Other financial assets	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value

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### 1.6 Financial instruments (continued)

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

Cash and cash equivalent

These are initially and subsequently recorded at fair value. For cashflow purposes, cash and cash equivalent includes cash on hand, deposits held at call accounts with banks, other short-term highly liquid investment with original maturities of three months or less, and overdrafts. These are subject to a significant risk of changes in value.

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

#### Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

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### 1.6 Financial instruments (continued)

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

#### Derecognition

##### Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

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### 1.6 Financial instruments (continued)

#### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### Presentation

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Any contingent rent is recognized separately as an expense when paid or payable and are not straight-lined over the lease term.

### 1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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### 1.8 Inventories (continued)

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (e.g. rain, rivers, springs, boreholes etc.). However, water in dams that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. Unsold properties are measured fair value at date of valuation roll

### 1.9 Related parties

Individuals as well as their close family members, and/or entities are related parties if one of the party has the ability, directly or indirectly to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### 1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

### Identification

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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### 1.10 Impairment of cash-generating assets (continued)

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Recognition and measurement (cash-generating unit)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
  - its value in use (if determinable); and
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### 1.10 Impairment of cash-generating assets (continued)

- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.11 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
  - (b) the number of production or similar units expected to be obtained from the asset by the municipality.
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### 1.11 Impairment of non-cash-generating assets (continued)

#### Identification

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognized immediately.

An impairment loss is recognized immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

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### 1.13 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### 1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

### 1.15 Revenue from exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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### 1.15 Revenue from exchange transactions (continued)

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Service revenue relating to water are recognized based on consumption. Meters are read on a monthly basis and are recognized as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognized as revenue in the invoicing period.

Service revenue relating to refuse removal are recognized on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service revenue relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using tariffs approved from Council and are levied monthly.

Service revenue from the application of the approved tariff of charge is recognized when the relevant service is rendered by applying the relevant gazetted tariff.

Revenue from public contributions are recognized when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognized.

### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.16 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

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Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.16 Revenue from non-exchange transactions (continued)

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognized when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognized are processed or additional rates revenue is recognized.

#### Gifts and donations, including goods and services in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind are not recognized.

#### Recovery of unauthorized, irregular, fruitless and wasteful expenditure

Revenue from recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognized when the recovery thereof from the responsible councilors or officials is virtually certain.

#### Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognized as revenue to the extent that the municipality has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met a liability is recognized.

### 1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.18 Comparative and budget information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.14.1 Current year comparatives

The municipality has presented its comparison of budget amounts on a separate sheet called statement of comparison of budget and actual amounts refer page 9 -10 currently presented in accordance with standard of GRAP . The comparison of budget and actual amounts presents separately each level of legislative oversight :

the approved budget and the final budget for the year ending 30 June 2013

the actual amount on a comparable basis,

by way of a note REFER to appendix E an explanation of material difference between the budget which the municipality held it publicly accountable and the actual amount,

#### 1.14.2 Prior period comparatives

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## Accounting Policies

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### 1.18 Comparative and budget information (continued)

When the presentation, or classification of items in the annual financial statements is amended, prior period comparatives amounts are reclassified. The Nature and the reason for the reclassification are disclosed

### 1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA in relation of the Municipality or Municipal entity, means -

- (a) Expenditure incurred by the Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of this act, and which has not been condoned in terms of section 170;
- (b) Expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the remuneration of Public office bearer Act, 1998 (Act No. 20 of 1998); or
- (c) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality's by-law giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which which falls within the definition of unauthorized expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalization of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, the note to the financial statements must be updated to reflect this.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.22 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.23 Capital Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognized in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contract that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

### 1.24 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

### 1.25 Value Added Tax

The municipality is registered with the South African Revenue Service (SARS) for VAT on the cash basis and is liable to account for VAT at the standard rate of 14% in terms of section 7(1)(a) of the VAT Act in respect of the supply of goods or services, except for where the supplies are specifically zero-rated or exempted in terms of section 12 and 11 of the VAT Act respectively, or the supplies are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

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# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 25: Employee benefits</li><li>GRAP 1 (as revised 2012): Presentation of Financial Statements</li><li>GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors</li><li>GRAP 7 (as revised 2012): Investments in Associates</li><li>GRAP 9 (as revised 2012): Revenue from Exchange Transactions</li><li>GRAP 12 (as revised 2012): Inventories</li><li>GRAP 13 (as revised 2012): Leases</li><li>GRAP 16 (as revised 2012): Investment Property</li><li>GRAP 17 (as revised 2012): Property, Plant and Equipment</li><li>GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)</li><li>GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)</li><li>IGRAP16: Intangible assets website costs</li><li>IGRAP1 (as revised 2012): Applying the probability test on initial recognition of revenue</li></ul>	<ul style="list-style-type: none"><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li><li>01 April 2013</li></ul>	

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 18: Segment Reporting</li><li>GRAP 105: Transfers of functions between entities under common control</li><li>GRAP 106: Transfers of functions between entities not under common control</li><li>GRAP 107: Mergers</li><li>GRAP 20: Related parties</li><li>IGRAP 11: Consolidation – Special purpose entities</li><li>IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures</li><li>GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements</li><li>GRAP 7 (as revised 2010): Investments in Associates</li><li>GRAP 8 (as revised 2010): Interests in Joint Ventures</li><li>GRAP32: Service Concession Arrangements: Grantor</li><li>GRAP108: Statutory Receivables</li><li>IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset</li><li>DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP</li></ul>	<ul style="list-style-type: none"><li>01 April 2015</li><li>01 April 2015</li><li>01 April 2015</li><li>01 April 2015</li><li>01 April 2016</li><li>01 April 2015</li><li>01 April 2015</li><li>01 April 2015</li><li>01 April 2015</li><li>01 April 2015</li><li>01 April 2016</li><li>01 April 2016</li><li>01 April 2016</li><li>01 April 2016</li></ul>	

# Moses Kotane Local Municipality

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## Notes to the Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	13 026 149	-	13 026 149	13 026 149	-	13 026 149
Buildings	37 604 637	(7 577 231)	30 027 406	37 552 074	(6 650 423)	30 901 651
Infrastructure	1 554 863 047	(752 766 200)	802 096 847	1 451 165 604	(700 708 364)	750 457 240
Community	162 161 927	(33 973 457)	128 188 470	146 269 784	(29 324 520)	116 945 264
Other property, plant and equipment	112 141 913	(48 085 997)	64 055 916	68 741 379	(38 456 843)	30 284 536
<b>Total</b>	<b>1 879 797 673</b>	<b>(842 402 885)</b>	<b>1 037 394 788</b>	<b>1 716 754 990</b>	<b>(775 140 150)</b>	<b>941 614 840</b>

### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Prior Year Corrections	Disposals	Transfers	Depreciation	Other depreciation	Total
Land	13 026 149	-	-	-	-	-	-	13 026 149
Buildings	30 901 651	52 563	-	-	-	(922 981)	(3 827)	30 027 406
Infrastructure	750 457 240	107 694 919	117 151	(4 114 626)	-	(49 075 852)	(2 981 985)	802 096 847
Community	116 945 264	15 892 143	-	-	-	(4 616 579)	(32 358)	128 188 470
Other property, plant and equipment	30 284 536	45 108 331	(750)	(87 246)	(1 619 801)	(9 629 154)	-	64 055 916
	<b>941 614 840</b>	<b>168 747 956</b>	<b>116 401</b>	<b>(4 201 872)</b>	<b>(1 619 801)</b>	<b>(64 244 566)</b>	<b>(3 018 170)</b>	<b>1 037 394 788</b>

The difference in the opening balance is due to:

1. The reclassification of assets between Land and Building and Community Assets amounts R 12 696 014 under Buildings and R13 341 286 under Community Assets.
2. The adjustment between classes in Infrastructure to the amount of R29 541 206.
3. It is also due to the correction on other assets to the value of R3 111 000.



# Moses Kotane Local Municipality

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## Notes to the Financial Statements

Figures in Rand

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Additions through entity combinations	Under construction	Depreciation	Impairment loss	Total
Land	8 624 049	4 402 100	-	-	-	-	13 026 149
Buildings	44 913 490	164 566	(15 144 914)	-	969 702	(1 193)	30 901 651
Infrastructure	686 928 510	9 667 385	-	109 082 836	(54 915 216)	(306 275)	750 457 240
Community	66 609 123	8 546 762	15 144 914	33 399 666	(6 515 605)	(239 596)	116 945 264
Other property, plant and equipment	17 052 051	15 904 776	-	-	(2 672 291)	-	30 284 536
	<b>824 127 223</b>	<b>38 685 589</b>	<b>-</b>	<b>142 482 502</b>	<b>(63 133 410)</b>	<b>(547 064)</b>	<b>941 614 840</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 4. Heritage assets

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Sculpture	14 000	-	14 000	14 000	-	14 000

#### Reconciliation of heritage assets 2015

	Opening balance	Total
Other (specify class)	14 000	14 000

#### Reconciliation of heritage assets 2014

# Moses Kotane Local Municipality

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## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>4. Heritage assets (continued)</b>		
	<b>Opening balance</b>	<b>Total</b>
Other (specify class)	14 000	14 000
<b>5. Other financial assets</b>		
<b>At amortised cost</b>		
ABSA fixed deposit	249 802	236 869
An amount of R107 700 of the investment is ceded to ESKOM, saving as an electricity deposit at the Civic Centre		
<b>Non-current assets</b>		
At amortised cost	249 802	236 869
<b>6. Inventories</b>		
Maintenance Materials - at Cost	4 888 881	2 303 184
Water at Cost	39 046	39 046
Unsold Properties Held for Resale	11 005 300	11 005 300
	<b>15 933 227</b>	<b>13 347 530</b>
The balance for unsold properties held for resale was restated with the amount of R 7 85 100. This was due to the incorrect amount used in the valuation roll.		
<b>7. Receivables from exchange transactions</b>		
Other receivables 1	89 919	89 919
Bakwena Systems- Photo Copiers	2 745 487	1 597 137
	<b>2 835 406</b>	<b>1 687 056</b>
<b>8. Receivables from non-exchange transactions</b>		
Fines	178 657	852 393
Other receivables from non-exchange revenue	11 532 891	11 671 428
	<b>11 711 548</b>	<b>12 523 821</b>
<b>Traffic fines</b>		
<b>8.1 Traffic fines debtors</b>		
Gross balances	1 859 073	531 993
Debt impairment	(1 680 416)	-
Hand Issued Fines	-	320 400
	<b>178 657</b>	<b>852 393</b>

The opening balance for traffic fines has been restated due to hand issued fines not accounted for in 2013/2014.

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>9. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	193 834 251	198 723 854
Water	180 080 431	118 162 760
Sanitation	8 851 524	7 668 960
Refuse	29 851 727	21 807 232
Water consumption from last reading until 30 June 2014/2015	7 963 626	6 325 379
	<b>420 581 559</b>	<b>352 688 185</b>
<b>Less: Allowance for impairment</b>		
Rates	(81 434 589)	(33 690 521)
Water	(96 911 851)	(83 828 520)
Sanitation	(2 293 358)	(2 918 547)
Refuse	(11 802 432)	(12 893 755)
	<b>(192 442 230)</b>	<b>(133 331 343)</b>
<b>Net balance</b>		
Rates	112 399 662	165 033 333
Water	83 168 580	34 334 240
Sanitation	6 558 166	4 750 413
Refuse	18 049 295	8 913 477
Water consumption from last reading until 30 June 2014/2015	7 963 626	6 325 379
	<b>228 139 329</b>	<b>219 356 842</b>
<b>Rates</b>		
Current (0 -30 days)	104 916 910	8 181 240
31 - 60 days	2 608 673	3 667 617
61 - 90 days	2 025 220	3 155 611
91 - 120 days	1 945 044	3 061 658
121 - 365 days	82 338 404	171 573 942
Less provision	(81 434 589)	(24 606 735)
	<b>112 399 662</b>	<b>165 033 333</b>
<b>Water</b>		
Current (0 -30 days)	12 319 601	17 993 481
31 - 60 days	7 383 275	7 119 524
61 - 90 days	7 622 074	5 905 241
91 - 120 days	6 619 569	5 691 590
121 - 365 days	146 135 912	90 536 709
Less provision	(96 911 851)	(92 912 305)
	<b>83 168 580</b>	<b>34 334 240</b>
<b>Sewerage</b>		
Current (0 -30 days)	310 147	372 345
31 - 60 days	159 612	332 887
61 - 90 days	200 195	256 645
91 - 120 days	179 099	357 334
121 - 365 days	8 002 471	6 349 749
Less provision	(2 293 358)	(2 918 547)
	<b>6 558 166</b>	<b>4 750 413</b>

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>9. Consumer debtors (continued)</b>		
<b>Refuse</b>		
Current (0 -30 days)	781 617	687 672
31 - 60 days	758 955	677 368
61 - 90 days	758 300	665 438
91 - 120 days	750 768	1 002 871
121 - 365 days	26 802 087	18 773 884
Less provision	(11 802 432)	(12 893 756)
	<b>18 049 295</b>	<b>8 913 477</b>
<b>Water consumption from last readings</b>		
Current (0 -30 days)	7 963 626	6 325 379

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## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>9. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	9 270 063	23 774 375
31 - 60 days	6 992 083	6 117 376
61 - 90 days	7 580 022	5 494 190
91 - 120 days	6 819 445	5 251 980
121 - 365 days	166 199 958	101 348 734
	196 861 571	141 986 655
Less: Allowance for impairment	(192 442 230)	(133 331 343)
	<b>4 419 341</b>	<b>8 655 312</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	6 369 253	8 650 662
31 - 60 days	2 712 919	2 997 599
61 - 90 days	2 384 456	1 761 243
91 - 120 days	2 004 691	1 791 315
121 - 365 days	80 601 523	65 335 917
	<b>94 072 842</b>	<b>80 536 736</b>
<b>National and provincial government</b>		
Current (0 -30 days)	102 506 127	3 728 122
31 - 60 days	1 206 276	2 346 489
61 - 90 days	642 207	2 329 117
91 - 120 days	672 176	2 135 000
121 - 365 days	16 656 733	110 542 283
	<b>121 683 519</b>	<b>121 081 011</b>
<b>Total</b>		
Current (0 -30 days)	118 145 443	42 478 539
31 - 60 days	10 911 278	11 461 464
61 - 90 days	10 606 684	9 584 550
91 - 120 days	9 496 312	9 178 295
121 - 365 days	263 458 214	273 659 958
Water consumption from lasting readings until 30 June 2014/2015	7 963 627	6 325 379
	420 581 558	352 688 185
Less: Allowance for impairment	(192 442 230)	(133 331 343)
	<b>228 139 328</b>	<b>219 356 842</b>
<b>Less: Allowance for impairment</b>		
121 - 365 days	(192 442 230)	(133 331 343)
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(133 331 343)	(64 635 642)
Contributions to allowance	(59 110 887)	(69 154 355)
Debt impairment written off against allowance	-	458 654
	<b>(192 442 230)</b>	<b>(133 331 343)</b>

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
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### 10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	20 000	20 000
Bank balances	11 346 756	18 420 445
Call investment deposits	74 116 707	147 448 761
	<b>85 483 463</b>	<b>165 889 206</b>

Securities held at ABSA.

The Municipality have a special notarial bond dated 10/12/2012 on the movable equipment. There is also unlimited cession dated 23/11/2001 of income streams . First CCMB dated 27/06/2007 for R1520 000 over stand 739 Mogwase Unit 2.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA Rustenburg Branch- Account Number 405 041 4471	11 380 943	11 902 659	1 818 850	10 592 629	17 430 483	1 960 880
Capital Replacement Reserve- Account number 92 9306 8882	27 450 737	18 105 823	-	27 450 737	18 105 823	-
Housing account - Account Type - 405 921 9109	338 701	782 441	440 841	338 701	782 441	440 840
Traffic account - Account Number - 407 011 8019	415 426	208 317	189 619	415 426	208 317	174 315
Petty Cash	-	-	-	20 000	20 000	2 310
MKLM call account - Account Type - 90 5777 9477	12 454 016	75 719 605	41 568 607	12 454 016	75 719 605	41 568 609
Housing Subsidy account - Account number - 40 6782 2645	-	9 021	8 700	9 404	9 021	8 700
MIG call account - 40 6677 8588	28 816 714	48 975 669	116 397 196	28 816 714	48 975 669	116 397 196
Civic Centre call account - Account number - 40 6723 1195	70 649	4 451 806	13 070 317	70 649	4 451 806	13 070 317
Water and Sanitation call account- Account number - 40 7270 1220	194 725	186 841	180 841	194 725	186 841	180 185
Ledig Reservoir - Water Projects Account Number- 40 8525 7086	5 120 462	-	-	5 120 462	-	-
<b>Total</b>	<b>86 242 373</b>	<b>160 342 182</b>	<b>173 674 971</b>	<b>85 483 463</b>	<b>165 890 006</b>	<b>173 803 352</b>

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>11. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	4 985 220	4 780 254
- in second to fifth year inclusive	3 738 914	8 724 135
	8 724 134	13 504 389
less: future finance charges	(1 035 225)	(1 981 056)
<b>Present value of minimum lease payments</b>	<b>7 688 909</b>	<b>11 523 333</b>
<b>Present value of minimum lease payments due</b>		
- within one year	4 161 038	3 834 424
- in second to fifth year inclusive	3 527 871	7 688 909
	<b>7 688 909</b>	<b>11 523 333</b>
Non-current liabilities	3 527 871	7 688 909
Current liabilities	4 161 038	3 834 424
	<b>7 688 909</b>	<b>11 523 333</b>
<b>Lease capitalisation</b>		
Opening balance	11 523 333	-
Redeemed (written-off during the year)	(3 834 424)	(920 953)
	<b>7 688 909</b>	<b>(920 953)</b>

The average lease term is 3 years and the average effective borrowing rate was -% (2014: 8%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 11.

## 12. Unspent conditional grants and receipts

### Conditional Grants from other spheres of Government

#### Unspent conditional grants and receipts

MIG grants	2 074 386	23 259 161
Mogwase Library Grant	127 621	258 300
Mogwase Library	58 385	58 385
EDMS	226 694	-
Disaster Grant	100 000	-
<b>Total contribution grants and receipts</b>	<b>2 587 086</b>	<b>23 575 846</b>

#### Movement during the year

Balance at the beginning of the year	23 575 846	78 871 045
Additions during the year	(20 988 760)	(55 295 199)
	<b>2 587 086</b>	<b>23 575 846</b>

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
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### 12. Unspent conditional grants and receipts (continued)

These amounts are invested in a ring-fenced investment until utilised.

### 13. Other financial liabilities

#### At amortised cost

ABSA annuity loan	14 790 515	16 733 329
INCA annuity loan	24 696 112	27 595 826
DBSA annuity loan	33 018 491	35 483 399
	<b>72 505 118</b>	<b>79 812 554</b>

<b>Total other financial liabilities</b>	<b>72 505 118</b>	<b>79 812 554</b>
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#### Non-current liabilities

At amortised cost	64 391 674	72 561 294
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#### Current liabilities

At amortised cost	8 113 444	7 251 260
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Finance Lease Liabilities relates to Vehicles and IT Equipment with lease terms of 5 ( 2012: 5) years. The effective interest rate on Finance Leases is 8.25%. Capitalised Lease Liabilities are secured over the terms of vehicles and equipment is leased.

Other Loans are repaid over a period of 10 to 20 years at interest rates varying from 8.80% to 14% per annum.

The management of the municipality is of the opinion that the carrying value of the Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

Refer to Appendix 'A' for more detail on Long-term Liabilities.

### 14. Provisions

#### Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Landfill site short term portion and leave provisions	33 016 790	1 781 402	34 798 192

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Landfill site short term portion and leave provisions	28 741 592	4 275 198	33 016 790
Non-current liabilities		15 963 099	15 874 545
Current liabilities		18 835 093	17 142 245
		<b>34 798 192</b>	<b>33 016 790</b>

The provision for long accumulated leave of employees of the council is based on the actual leave days available at the reporting date calculated on the annual package of each employee.

The provision for long service award is determined according to the stipulations of the SALGBC.



# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
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### 15. Payables from exchange transactions

Trade payables	23 052 126	37 061 888
Payments received in advanced	12 242 105	13 729 075
Retention	20 879 944	14 929 661
Housing	-	2 103 353
Housing-PHP	342 439	787 017
Other payables suspense	1 194 395	4 324 767
	<b>57 711 009</b>	<b>72 935 761</b>

### 16. Revenue

Service charges	127 753 041	103 170 616
Commissions received	105 115	314 832
Rental income	5 287	5 485
Sale of stands / land	-	39 291
Other income - (rollup)	1 137 420	949 091
Interest received - investment	33 161 846	28 979 909
Property rates	65 624 393	54 104 609
Government grants & subsidies	431 618 736	411 561 046
Fines	1 204 300	2 940 600
	<b>660 610 138</b>	<b>602 065 479</b>

#### The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	127 753 041	103 170 616
Commissions received	105 115	314 832
Rental income	5 287	5 485
Sale of stands / land	-	39 291
Other income - (rollup)	1 137 420	949 091
Interest received - investment	33 161 846	28 979 909
	<b>162 162 709</b>	<b>133 459 224</b>

#### The amount included in revenue arising from non-exchange transactions is as follows:

##### Taxation revenue

Property rates	65 624 393	54 104 609
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##### Transfer revenue

Government grants & subsidies	431 618 736	411 561 046
Fines	1 204 300	2 940 600
	<b>498 447 429</b>	<b>468 606 255</b>

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
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### 17. Property rates

#### Rates received

Residential	790 072	465 771
Commercial	5 653 630	5 078 888
State	33 399 563	24 209 269
Assessment rates: Game reserves and Holiday resorts	24 097 680	22 792 497
Assessment rates: Mining	1 683 448	1 558 184
<b>Total property rates</b>	<b>65 624 393</b>	<b>54 104 609</b>

#### Valuations

Residential	928 262 500	928 732 500
Commercial	1 035 309 800	251 673 100
Industrial	27 936 200	27 936 200
State	788 676 907	138 352 700
Churches	11 442 000	11 442 000
Other Holiday Resorts	178 590 000	178 590 000
Sun City	535 850 000	535 850 000
Municipal	35 157 700	95 603 600
Farms and tribal land	1 513 062 100	1 584 258 800
Eskom Servitudes	16 170 000	-
PSI	12 992 100	-
	<b>5 083 449 307</b>	<b>3 752 438 900</b>

### 18. Service charges

Sale of water	102 965 172	94 941 484
Sewerage and sanitation charges	2 854 720	2 757 279
Refuse removal	21 933 150	5 471 853
	<b>127 753 042</b>	<b>103 170 616</b>

### 19. Government grants and subsidies

#### Operating grants

Equitable share	275 714 000	248 276 650
Finance Management Grant	1 600 000	1 550 000
Expanded Public Works Programme Grant	1 845 000	2 386 000
DWA Operating and Maintenance Grant	15 199 975	11 792 847
Municipal Systems Improvement Grant	934 000	890 000
Mogwase Library	530 679	880 641
Disaster Management	-	212 493
EEDMS	3 773 306	-
	<b>299 596 960</b>	<b>265 988 631</b>

#### Capital grants

Government grant (capital)	128 836 977	144 275 841
Project Management Unit	3 184 798	1 296 574
	<b>132 021 775</b>	<b>145 572 415</b>
	<b>431 618 735</b>	<b>411 561 046</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>19. Government grants and subsidies (continued)</b>		
Conditional grants received	155 904 735	163 284 396
Unconditional grants received	275 714 000	248 276 650
	<b>431 618 735</b>	<b>411 561 046</b>

### MIG Grant

Balance unspent at beginning of year	23 259 161	76 131 575
Current-year receipts	110 837 000	92 700 000
Conditions met - transferred to revenue	(132 021 775)	(145 572 414)
	<b>2 074 386</b>	<b>23 259 161</b>

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

### Expanded Public Works Grant

Current-year receipts	1 845 000	2 386 000
Conditions met - transferred to revenue	(1 845 000)	(2 386 000)
	-	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

### Mogwase Library Grant

Balance unspent at beginning of year	258 300	302 081
Current-year receipts	400 000	400 000
Conditions met - transferred to revenue	(530 679)	(443 781)
	<b>127 621</b>	<b>258 300</b>

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

### Mogwase Libraries Grant

Balance unspent at beginning of year	58 385	495 246
Conditions met - transferred to revenue	-	(436 861)
	<b>58 385</b>	<b>58 385</b>

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
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### 19. Government grants and subsidies (continued)

#### Municipal System improvement Grant

Current-year receipts	(934 000)	(890 000)
Conditions met - transferred to revenue	934 000	890 000
	-	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

#### Finance Management Grant

Current-year receipts	(1 600 000)	(1 550 000)
Conditions met - transferred to revenue	1 600 000	1 550 000
	-	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

#### DWA Operating Grant

Current-year receipts	(7 500 000)	(5 300 000)
Conditions met - transferred to revenue	7 500 000	5 300 000
	-	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

#### EEDMS

Balance unspent at beginning of year	-	1 729 650
Current-year receipts	4 000 000	-
Conditions met - transferred to revenue	(3 773 306)	(1 729 650)
	226 694	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

#### Disaster Management grant

Balance unspent at beginning of year	-	212 493
Current-year receipts	100 000	-
Conditions met - transferred to revenue	-	(212 493)
	100 000	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>19. Government grants and subsidies (continued)</b>		
<b>Water conservation/Demand management</b>		
Current-year receipts	(7 699 975)	(6 492 847)
Conditions met - transferred to revenue	7 699 975	6 492 847
	-	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

### 20. Other income

Advertising signs /Displays	17 717	64 934
Building inspection plan fees	82 727	181 969
Burial fees	21 497	17 179
Clearance certificate	8 875	7 251
Water connection fees	43 492	50 736
Sundry income	367 005	56 444
Tender document sales	418 571	340 000
Refund LGSETA	169 321	186 677
Surplus on inventory	-	41 845
Photo copies	5 000	264
Blocked drains	2 315	1 405
Valuation Certificates	901	387
	<b>1 137 421</b>	<b>949 091</b>

# Moses Kotane Local Municipality

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## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>21. General expenses</b>		
Accounting fees	3 023 957	2 445 503
Advertising	1 005 802	981 990
Bank charges	117 005	99 014
Consulting and professional fees	14 627 471	7 364 943
Consumables	112 087	240 686
Entertainment	2 098 152	281 470
Ammunition	11 430	-
Insurance General	400 032	225 975
Community development and training	143 434	189 414
Conferences and seminars	1 700 781	1 319 086
Gender and children programme	326 027	407 488
Fleet	7 313 002	7 953 106
Marketing	76 175	-
Magazines, books and periodicals	4 198	17 902
Medical expenses	500	89 857
IDP Review	2 402 822	1 490 492
Indigent-Free basic services	32 764 291	1 777 906
Postage and courier	108 090	93 611
Printing and stationery	1 616 524	2 307 960
Labour Relations	339 255	168 460
Protective clothing	157 518	572 430
HIV/AIDS Campaign	231 961	394 033
Letsema	53 440	147 824
Software expenses	27 640 898	5 573 805
Subscriptions and membership fees	1 571 186	1 404 133
Telephone and fax	8 579 637	5 484 696
Training	15 202 429	2 462 154
Travel - local	2 178 801	1 950 360
Electricity	9 026 104	8 850 484
Grants Expenditure	4 501 706	5 879 658
Refreshments	2 262 769	2 441 623
Compilation of Valuation Roll	72 221	141 593
Quality Control	568 566	162 022
GRAP conversion	718 090	66 953
Physically challenged people(Disable)	26 505	157 030
Chemicals	276 717	220 095
Disaster Support	198 249	98 225
Other expenses	15 016 224	10 050 046
	<b>156 474 056</b>	<b>73 512 027</b>

# Moses Kotane Local Municipality

(Demarcation code NW375)

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## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>22. Employee related costs</b>		
Basic	90 712 682	80 988 489
Bonus	5 754 587	5 443 067
Medical aid - company contributions	6 183 583	5 312 664
UIF	682 419	614 767
Travel, motor car, accommodation, subsistence and other allowances	857 948	1 068 211
Overtime payments	6 247 712	4 876 675
Housing benefits and allowances	177 672	173 440
Housing Allowance	58 862	61 422
Pension Fund- Company Contributions	16 339 552	14 689 063
Industrial Council Levy	59 793	37 035
Standby Allowance	2 383 511	2 287 655
Cellphone allowance	6 000	6 000
Shift Allowance	109 869	102 118
	<b>129 574 190</b>	<b>115 660 606</b>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	1 027 921	952 762
Car Allowance	167 948	167 947
Contributions to UIF, Medical and Pension Funds	21 814	20 476
Paid Out	(1 217 683)	(1 141 185)
	-	-
<b>Remuneration of chief finance officer</b>		
Annual Remuneration	909 774	798 229
Car Allowance	-	64 263
Contributions to UIF, Medical and Pension Funds	192 044	169 270
Paid Out	(1 101 818)	(1 031 762)
	-	-
<b>Remuneration of technical service executive directors</b>		
Annual Remuneration	485 577	440 557
Car Allowance	96 000	52 000
Contributions to UIF, Medical and Pension Funds	1 088	98 163
Paid Out	(582 665)	(590 720)
	-	-
<b>Remuneration of corporate services executive directors</b>		
Annual Remuneration	744 346	711 183
Car Allowance	60 000	60 000
Contributions to UIF, Medical and Pension Funds	173 937	144 897
Paid Out	(978 283)	(916 080)
	-	-
<b>Remuneration of community services executive directors</b>		
Annual Remuneration	976 417	657 271
Contributions to UIF, Medical and Pension Funds	1 866	1 383
Paid Out	(978 283)	(658 654)
	-	-

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>22. Employee related costs (continued)</b>		
<b>Remuneration of planning and development executive director</b>		
Annual Remuneration	766 455	713 746
Car Allowance	72 000	72 000
Contributions to UIF, Medical and Pension Funds	139 828	130 335
Paid Out	(978 283)	(916 081)
	-	-
<b>23. Remuneration of councillors</b>		
Allowance Mayor	456 541	428 876
Allowance-Single Whip	338 650	317 901
Executive Committee Member's allowance	3 394 810	3 233 555
Allowance-Speaker	377 254	355 122
Pension fund contribution	1 587 861	1 523 663
Medical Aid contribution	477 975	477 818
Travelling allowance	4 409 356	4 173 453
Councillor's allowance	6 628 205	6 179 797
Cell phone allowance	1 483 267	1 488 697
	<b>19 153 919</b>	<b>18 178 882</b>
<b>24. Remuneration of councillors</b>		
The salaries, allowances and benefits of political office bearers and councillors of the Municipality, whether financial or in kind are within the upper limits of the framework as envisage in section 219 of the Constitution.		
<b>24. Provisions</b>		
Contributions to leave provision	5 773 287	6 039 170
Provision for land fill site	88 555	1 097 003
Provision for traffic fines	1 680 416	2 400 000
	<b>7 542 258</b>	<b>9 536 173</b>
<b>25. Debt impairment</b>		
Debt impairment	59 110 887	65 865 525
<b>26. Interest received</b>		
<b>Interest revenue</b>		
Investments	9 761 336	10 837 612
Bank	529 908	380 590
Interest charged on trade and other receivables	22 870 603	17 761 707
	<b>33 161 847</b>	<b>28 979 909</b>
<b>27. Depreciation and amortisation</b>		
Property, plant and equipment	67 341 989	64 814 883
<b>28. Finance costs</b>		
Non-current borrowings	9 315 631	8 586 287



# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>29. Operating lease</b>		
The below operating lease payments represent rentals payable by the municipality to BIS for printing machines. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable		
Not later than one year	-	743 980
<b>30. Contracted services</b>		
Refuse removal	24 292 831	27 756 081
<b>31. Bulk purchases</b>		
Water	55 524 546	41 849 414
<b>32. Cash generated from operations</b>		
Surplus	79 276 011	142 330 630
<b>Adjustments for:</b>		
Depreciation and amortisation	67 341 989	64 814 883
Gain on sale of assets and liabilities	4 074 170	-
Debt impairment	59 110 887	65 865 525
Movements in provisions	1 781 402	4 275 198
<b>Changes in working capital:</b>		
Inventories	(2 585 697)	(68 373)
Receivables from exchange transactions	(1 148 350)	(732 541)
Consumer debtors	(67 893 374)	(86 129 837)
Other receivables from non-exchange transactions	812 273	(4 827 383)
Payables from exchange transactions	(15 224 751)	15 728 760
VAT	(6 610 657)	(12 145 755)
Unspent conditional grants and receipts	(20 988 760)	(55 295 199)
	<b>97 945 143</b>	<b>133 815 908</b>

# Moses Kotane Local Municipality

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## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>33. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for</b>		
• Infrastructure	37 662 859	78 000 626
• Community assets	585 856	6 403 554
• Other	-	-
	<b>38 248 715</b>	<b>84 404 180</b>
<b>Approved and not yet contracted for</b>		
• Infrastructure	83 856 108	63 049 296
• Community assets	11 440 836	15 374 836
• Other	18 786 000	43 978 588
	<b>114 082 944</b>	<b>122 402 720</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	38 248 715	84 404 180
Not yet contracted for and authorised by accounting officer	114 082 944	122 402 720
	<b>152 331 659</b>	<b>206 806 900</b>

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

### 34. Contingencies

#### 1.Fencecor Construction

Fencecor Construction was a sub-contractor for construction of the new Mogwase Waste Disposal Site. Fencecor is suing the Municipality for the payment of **R 2 842 111.00** which flows from a cession/direct payment agreement between the main contractor, Fencecor and the Municipality.

The Municipality is defending the matter since maximum amount of cession has already been paid and exceeded. The case is currently in Court and we are awaiting finalisation and verdict.

Case handled by Van Rooyen, Thlape, Wessels Attorneys in Mafikeng.

#### 2. R&T Developers / Alert Steel

R&T Developers is a sub-contractor for construction of low cost housing in Unit 8 Mogwase. R&T is suing the Municipality for of **R3 753 079** flowing from a cession/direct payment agreement between the main contractor, R&T and the Municipality.

The Municipality defended the matter based on the main contractor's contention that R&T is misrepresenting the true factsof the matter and relying on a wrong cession document. A meeting between the contractor and sub-contractor was held where the documents were exchanged. The correct document document indicates that the Municipality is not indebted to R&T Developers. The Municipality have filed its plea in this matter and is awaiting R&T Developers to move.

#### 3. Transnet

Transnet is being sued for **R5 510 000** for damages and compensation for pain and suffering by a motorist whose car was hit by a train at the railway crossing in Mogwase. Transnet has filed an application at the Court to join the Municipality as a respondent to share in the financial liabilities if Transnet should be found to be liable.

The Municipality is defending the matter since all required responsibilities and requirements had been taken care of and set in place at the railway crossing in Mogwase. An investigation by an independent investigator found that the vehicle of the motorist was properly maintained and that brake failure caused the accident ( See memo of Adv. Jacobsz). The Municipality is awaiting the trial date in this matter.

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

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Figures in Rand

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### 34. Contingencies (continued)

The case is handled by Sakkie Smith Attorneys in Mogwase.

#### 4. Duro Pressings

Duro Pressings was a supplier of aluminium window frames for the Civic Centre Phase II project. There was a direct payment agreement between the contractor, Promptique Ramatjobe JV, and the supplier which they claim has an outstanding balance due to them of **R 549 000.00**. The Municipality have filed its pleas and we are waiting for R&T Developers to move.

Case handled by Sakkie Smith Attorneys in Mogwase

#### 5. NWDC

The Municipality is in dispute with NWDC regarding payment of property rates. NWDC owes the Municipality in excess of the R 15 Million from July 2002. In return NWDC claims compensation from the Municipality for infrastructure installed in Bodirelo in the 1980's to the amount of **R 18 Million** as well as arrear rental amounts for office accommodation in Bodirelo. The matter was referred to Provincial and National Treasury for mediation and possible arbitration.

The Municipality have reached an agreement with NWDC whereby mutual payment by the parties for their respective dues will start on the 1 October 2014. The parties are currently paying their respective dues.

The arrear amounts due still needs to be resolved and the parties will consider all options, including high level political intervention and arbitration

#### 6. Mogwase Hardware

Mogwase Hardware has submitted a claim for **R 16 000.00**. The hardware store indicated that materials and goods were supplied but no payment had been received. No finer detail of order numbers or responsible municipal officials could be obtained.

They have not instituted any legal action against the Municipality yet and the matter remains unresolved.

#### 7. TN Molefe

TN Molefe is the consulting engineers on the Motlhabane internal roads project. The Municipality received fraudulent instruction to change the banking details of the service provider and an amount of the **R 1 377 019.53** was paid over. After the fraud had been discovered the Municipality opened a case of fraud at the Mogwase SAPS.

The matter is still being investigated and a full report was presented to Council. Please see council resolution attached.

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# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

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### 34. Contingencies (continued)

#### 8. M2KS Management Consultants

Mr. Erick Matlawe of the M2KS Management Consultants is claiming **R 200 000.00** from the municipality for work done in 2009. The company developed a HR strategy for the Municipality but only submitted their invoice for payment on 24 October 2012.

The Municipality raised prescription due to the very late submission of the claim and Mr. Matlawe referred the matter to the Public Protector for an alternative dispute resolution (ADR).

The Municipality attended the ADR session at the Public Protector and a settlement will be negotiated after all relevant investigations are completed by the Public Protector.

#### Contingent assets

The municipality is claiming an amount of **R214 929** from Ranamane Phungo which was erroneously paid by the municipality instead of paying to the account of Mr Phungo who was no longer practicing as Ranamane Phungo.

NWDC- The municipality is indebted **R15 000 000** in arrear property rates (2002-2014).

The municipality is pursuing a claim against Standard Bank for an amount of **R 1 377 019.53** for negligence with regards to a payment to TN Molefe

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# Moses Kotane Local Municipality

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### 35. Prior period errors

An analysis of the revenue, expenditure, assets and liabilities pertinent to the prior year revealed the accounting errors listed below.

#### STATEMENT OF FINANCIAL POSITION

##### Accumulated Surplus.

The municipality had corrected the fundamental error in the 2013/14 financial year which is no longer applicable in terms of the GRAP standard. The correction was meant to present the fairness of the accumulated surplus, the effect of the transaction has been presented below.

##### Cash and cash equivalent.

The municipality has corrected the prior year receipts not accounted for in the 2013/14 financial year.

##### Finance lease.

The adjustment was done to account for the discount of 20% omitted in the prior year.

Debit: Finance Lease Obligation R3 111 000

Credit: Movable Assets R3 111 000.

##### Other Receivables from non exchange transactions.

The adjustment relates to incorrect tariff charged with regards to photocopier machines.

##### Property, Plant, and equipment.

There were classification on the movable assets from movable to immovable e.i boreholes etc. The other adjustment was done to account for the discount on the finance lease assets.

The difference in the opening balance is due to:

1. The reclassification of assets between Land and Building and Community Assets amounts R12 696 014 under Buildings and R13 341 286 under Community Assets.

2. The adjustment between classes in Infrastructure to the amount of R29 541 206.

##### Trade and other payables.

Adjustment on the prior year were done to account for the trade payables not accounted for during year end.

##### Trade and other receivables from exchange transactions.

The error of over payment on photocopier machines maintenance contract was discovered in the current year which relates to the prior year adjustment.

##### VAT Payables/Receivables.

This refers to the reversal of the VAT not properly accounted for.

##### Consumer debtors.

The correction was done on the rates account which were not properly accounted for.

#### STATEMENT OF COMPREHENSIVE INCOME.

##### Depreciation.

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# Moses Kotane Local Municipality

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### 35. Prior period errors (continued)

The additional depreciation was made due to reclassification , as well as the disposal of assets.

#### **General expenses.**

Payment of creditors not accounted for at year end.

#### **Revenue service charges.**

This related to the reversal of the accounting entry for the last water readings on the pipe lines at year end.

#### **Revenue property rate.**

The correction was done on the rates accounts which were not properly accounted for.

#### **Revenue fines.**

The adjustment was made to include the hand written fines not accounted for in the prior year .

#### **Revenue interest received.**

This relates to the billing of the property rates that were not properly accounted for .

#### **Repairs and maintainance.**

This relates to the repairs and maintainance not properly accounted for.

#### **Debt impairment.**

This relates to the provision for Ledig water .

#### **Unauthorised expenditure**

The adjustment on the unauthorized expenditure for 2013/2014 was adjusted due to the re-instatement of balances in the prior year to the amount - R 2 108 596.

#### **Fruitless and Wasteful expenditure**

The re-instatement of the fruitless and wasteful expenditure was due to the inclusion of VAT that was claimed back from SARS.

#### **Irregular expenditure**

The re-instatement of the irregular expenditure was disclosed with the inclusion of VAT that was claimed back from SARS.

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# Moses Kotane Local Municipality

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## Notes to the Financial Statements

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### 35. Prior period errors (continued)

Statement of financial position	2014	Prior Year
Inventories (Balance Sheet) Credit		(785 100)
Accumulated Surplus (Balance Sheet) Debit	-	785 100
Decrease values of land held for resale		
Inventories (Balance Sheet) Debit	6 833	-
Accumulated Surplus ( Water Sales) Credit	(6 833)	-
Increase in water levels in pipes and reservoirs		
Consumer Debtors (Balance Sheet) Debit	11 919 475	97 450 745
Accumulated Surplus( Property Rates) Credit	(11 919 475)	(97 450 745)
Increase in consumer debtors due to additional billing for property rates on Public Works properties		
Provisions ( Balance Sheet) Credit	(5 794 955)	(3 288 830)
Accumulated Surplus ( Impairment Debtors) Debit	5 794 955	3 288 830
Provision on impairment on Ledig water accounts		
Creditors Control ( Balance Sheet) Debit	126 774	-
Accumulated Surplus (Statement of Financial Performance) Credit	(126 774)	-
Reversal of payments made under accruals not provided for		
Other Debtors (Balance Sheet) Debit	1 004 478	(592 659)
Accumulated Surplus (nStatement of Financial Performance) Credit	(1 004 478)	592 659
Over payment on tariff for maintenance of photo copiers,Debtors arranged to refund the municipality		
Cash and Cash Equivalents( Balance Sheet) Debit	418 750	5 235 869
Accumulated Surplus ( Balance Sheet) Credit	(418 750)	(5 235 869)
Amounts received for Vat for 2013/2014 and other debtors		
Outstanding Traffic Fines Debtors( Balance Sheet) Debit	320 400	-
Accumulated Surplus( Traffic Fines) Credit	(320 400)	-
Handwritten traffic fines not accounted for in 2013/2014		
Traffic Fines System Debtors( Balance Sheet) Debit	171 315	-
Accumulated Surplus ( Traffic Fines) Credit	(171 315)	-
Adjustment on traffic fines account		
Other Creditors ( Balance Sheet) Debit	471 971	-
Accumulated Surplus ( Telephone Accounts) Credit	(471 971)	-
Cellphone accounts recover from councillors for 2013/2014, Deducted from councillors salaries		
Interest Outstanding Debtors ( Statement of Financial Performance) Debit	191 514	1 388 814
Accumulated Surplus ( Interest) Credit	(191 514)	(1 388 814)
Interest on outstanding debtors Public Works		
VAT (Balance Sheet) Debit	15 393 075	-
Accumulated Surplus ( Balance Sheet) Credit	(15 393 075)	-
Reversal of journal 183Audit dated 4/09/2014		
Finance Lease (Balance Sheet) Credit	(49 398)	-
Accumulated Surplus ( Blance Sheet) Debit	49 398	-
Adjustments on finance lease regarding discount not brought into account during 2013/2014		

# Moses Kotane Local Municipality

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### 35. Prior period errors (continued)

Capital Replacement Reserve ( Balance Sheet) Debit	798 664	-
Accumulated Surplus ( Balance Sheet) Credit	(798 664)	-
Transfer of transactions on CRR to Accumulated Surplus Account		
Depreciation ( Balance Sheet) Credit	(2 639 652)	-
Accumulated Surplus ( Property Plant and Equipment) Debit	2 639 652	-
Adjustment on depreciation on infrastructure assets for 2013/2014		
Creditors ( Balance Sheet) Credit	(1 879 017)	(8 152)
Accumulated Surplus ( Property Plant and Equipment) Debit	1 879 017	8 152
Payment to creditors not provided under accruals. Invoices received 2014/2015		
Creditors Control ( Balance Sheet) Credit	(3 100 000)	-
Accumulated Surplus ( Other Debtors) Debit	3 100 000	-
Claim against the municipality, Refuse removal contract		
Community Assets ( Balance Sheet) Debit	201 000	-
Accumulated Surplus ( Property Plant and Equipment)	(201 000)	-
Increase of values of Community Assets for 2013/2014		
Property Plant and Equipment ( Balance Sheet) Debit	279 546	-
Accumulated Surplus ( Property Plant and Equipment) Credit	(279 546)	-
Property Plant and Equipment capitalised from income		
Other Debtors ( Balance Sheet)Credit	(16 927)	(8 694)
Accumulated Surplus ( Other Debtors) Debit	16 927	8 694
Adjustment on Other Debtors transferred to Accumulated Surplus		
	<b>(28 761 859)</b>	<b>(103 214 185)</b>

### 36. Risk management

#### Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The municipality's Finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operation of the municipality through internal risk reports which analyse exposure by degree and magnitude of risks. These risks include market risk ( including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of the financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department of Finance monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.



# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

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### 36. Risk management (continued)

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by a central treasury department (the Budget and Treasury Department) under policies approved by the Council. The department identifies, evaluates and manages financial risks in close co-operation with the municipality's operating units. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as liquidity risk and the various elements of market risk.

Risks and exposures are defined as follows:

#### Market Risk

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

#### Credit risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities; or the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

#### Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

#### Capital risk management

The municipality's objective when managing capital is to safeguard the Municipality's ability to continue as a going concern in order to provide services for the stakeholders and to maintain optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings as disclosed in note 13, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the Municipality monitors capital on the basis of gearing ratio.

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# Moses Kotane Local Municipality

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### 36. Risk management (continued)

The ratio is calculated as net debt divided by the total capital. Net debt is calculated as total borrowings (including current and non current borrowings as shown in the statement of financial position ) less cash and cash equivalent . The total capital is calculated as equity 's as shown in the statement of financial position plus net debt.

The municipality's strategy is to maintain a gearing ratio of between 5% to 15% . There are no externally imposed capital requirement.

There have been no changes to what the municipality manages as capital , the strategy for capital maintenance or externally exposed capital requirements for the previous financial year.

The gearing ratio at 2015 and 2014 respectively were as follows:.

	2015	2014
<b>Total borrowings</b>		
Current liabilities	91 407 670	124 739 536
Non-Current liabilities	83 882 644	96 124 748
Less cash and cash equivalent	85 483 463	165 889 206
<b>Total equity</b>	<b>1 216 406 935</b>	<b>1 137 130 909</b>
	<b>1 477 180 712</b>	<b>1 523 884 399</b>

### Credit and liquidity risk

The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and ability to close out market positions . Due to the dynamic nature of the underlying businesses , municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is as a result of funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term receivables, other debtors, bank and cash balances.

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Financial assets exposed to credit risk at year end were as follows:

<b>Financial instrument</b>	<b>2015</b>	<b>2014</b>
Consumer debtors	228 139 329	213 031 463
Receivables from exchange transactions	2 835 406	1 687 056
Cash and cash equivalents	85 483 463	165 889 206
Receivables from non-exchange transactions	11 711 548	12 548 692
Other financial assets	249 802	236 869

### Investments/Bank, Cash and Cash Equivalents

# Moses Kotane Local Municipality

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### 36. Risk management (continued)

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions short term credit rating of BBB and long-term credit rating of AA- and higher at an International accredited credit rating agency. The municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the municipality is not exposure to any significant credit risk.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

### Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an on-going basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On-going credit evaluations are performed on the financial condition of these debtors.

Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- Encouraging residents to install water management devices that control water flow to households.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

### Market risk

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# Moses Kotane Local Municipality

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### 36. Risk management (continued)

#### Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial Assets and Liabilities that are sensitive to interest rate risk are cash and cash equivalents investments, and loan payables. The municipality is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas.

Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by 'demand for payment', 'restriction of services' and, as a last resort, 'handed over for collection', whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

#### Foreign exchange risk

The municipality does not have any direct exposure to foreign exchange risk as it does not engage in transactions or hold any assets or liabilities denominated in any foreign currencies.

#### Price risk

The municipality does not hold any market-priced securities and is not exposed to price risk as a result.

### 37. Going concern

We draw attention to the fact that at 30 June 2015, the municipality had accumulated surplus of R 1 216 406 935 and that the municipality's total assets exceed its liabilities by R 1 216 406 935.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 38. Material losses

Material loss in water distribution	12 080 866	3 701 150
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# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

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### 39. Unauthorised expenditure

Opening balance	19 336 929	17 287 070
Add: Unauthorised Expenditure - current year	6 291 848	2 049 859
Less: Amounts condoned before re-instatement	(21 445 525)	-
Less: Amounts adjusted due to re-instatement	2 108 596	-
	<b>6 291 848</b>	<b>19 336 929</b>

The adjustment on the unauthorized expenditure for 2013/2014 was adjusted due to the re-instatement of balances in the prior year.

Unauthorised expenditure for the 2014/2015 relates to the provision of the accumulated leave of officials as at 30 June 2015 as well as for the depreciation on assets for ICT equipment and training.

### 40. Fruitless and wasteful expenditure

Opening balance	9 703 835	7 077 644
Fruitless and wasteful expenditure	408 848	2 626 191
Less: Amounts recoverable ( not condoned)	-	-
	<b>10 112 683</b>	<b>9 703 835</b>

#### Analysis of expenditure awaiting condonation per age classification

Current year	408 848	7 077 644
Prior years	9 703 835	2 626 191
	<b>10 112 683</b>	<b>9 703 835</b>

The fruitless and wasteful expenditure relates to the interest on Eskom accounts and the money spend on the construction of the hall in area reserved for mining expansion. The Municipality is currently Investigating ways to recover the money. The Municipality has kept the register for fruitless, wasteful and irregular expenditure.

### 41. Irregular expenditure

Opening balance	222 496 451	179 074 104
Add: Irregular Expenditure - current year	74 376 507	43 422 347
Less: Amounts recoverable (not condoned)	-	-
	<b>296 872 958</b>	<b>222 496 451</b>

#### Analysis of expenditure awaiting condonation per age classification

Current year	74 376 507	43 422 347
Prior years	222 496 451	179 074 104
	<b>296 872 958</b>	<b>222 496 451</b>

# Moses Kotane Local Municipality

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### 41. Irregular expenditure (continued)

#### Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Emergency services- Water tankers	Investigation has been and is awaiting consideration by MPAC and Council	4 881 000
Emergency services- Waste Collection	Investigation has been and is awaiting consideration by MPAC and Council	13 371 429
Eskom tokens- Boreholes	Investigation has been and is awaiting consideration by MPAC and Council	282 368
Risk based appointments	Investigation has been and is awaiting consideration by MPAC and Council	10 708 171
SCM not followed	Investigation has been and is awaiting consideration by MPAC and Council	45 133 539
		<b>74 376 507</b>

### 42. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	1 772 277	1 398 629
Amount paid - current year	(1 772 277)	(1 398 629)
	-	-

#### Audit fees

Current year subscription / fee	3 449 620	2 634 291
Amount paid - current year	(3 449 620)	(2 634 291)
	-	-

#### PAYE and UIF

Current year subscription / fee	21 939 960	19 048 374
Amount paid - current year	(21 939 960)	(19 048 374)
	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	24 262 147	20 001 725
Amount paid - current year	(24 262 147)	(20 001 725)
	-	-

#### VAT

VAT receivable	9 935 686	3 325 029
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VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

# Moses Kotane Local Municipality

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Financial Statements for the year ended 30 June 2015

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### **42. Additional disclosure in terms of Municipal Finance Management Act (continued)**

#### **Supply chain management regulations**

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

### **43. Deviation from supply chain management regulations**

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the financial statements.

In line with regulation 36 of the Municipal supply chain management the Municipality has incurred deviation to the value of **R17 748 940.90** which were submitted to council for noting . The Municipality has been complying with regulation 36 and has kept the register for all deviations recorded for the year.

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# Moses Kotane Local Municipality

## Appendix A

June 2015

### Schedule of external loans as at 30 June 2015

		Loan Number	Redeemable	Balance at 30 June 2014 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2015 Rand
<b>Loan Stock</b>							
Transport		84312539		176 491	-	37 026	139 465
Transport		84312652		176 491	-	37 026	139 465
Transport		84312784		176 491	-	37 026	139 465
Transport		84312962		176 491	-	37 026	139 465
Transport		84312989		176 491	-	37 025	139 466
Transport		84313128		176 491	-	37 026	139 465
Transport		84313357		176 491	-	37 026	139 465
Transport		84314620		176 562	-	37 041	139 521
Transport		84314850		282 231	-	59 209	223 022
Transport		84314906		176 562	-	37 041	139 521
Transport		84314981		189 983	-	39 856	150 127
Transport		84315023		282 231	-	59 209	223 022
Transport		84315180		282 231	-	59 209	223 022
Transport		84315210		318 898	-	66 901	251 997
Transport		84315317		176 562	-	37 041	139 521
Transport		84315392		282 231	-	59 209	223 022
Transport		84315422		176 562	-	37 041	139 521
Transport		84315520		176 562	-	37 041	139 521
Transport		84315597		176 562	-	37 041	139 521
Transport		84315759		176 562	-	37 041	139 521
Transport		84315830		176 562	-	37 041	139 521
Transport		84315937		176 562	-	37 041	139 521
Transport		84316038		176 562	-	37 041	139 521
Transport		84316437		176 562	-	37 041	139 521
Mayoral House		8065717250		1 292 623	-	53 457	1 239 166
Extention of Civic Centre				10 625 282	-	879 130	9 746 152
				<b>16 733 329</b>	<b>-</b>	<b>1 942 812</b>	<b>14 790 517</b>
<b>Development Bank of South Africa</b>							
Roads and Bridges				6 552 684	-	377 126	6 175 558
Streetlights - Sun City				5 326 883	-	308 558	5 018 325
Streetlights - Mabele-a-Podi and Mogwase				3 023 502	-	316 190	2 707 312
Water				20 580 329	-	1 463 032	19 117 297
				<b>35 483 398</b>	<b>-</b>	<b>2 464 906</b>	<b>33 018 492</b>
<b>Other loans</b>							
Civic Centre				6 686 242	-	1 599 867	5 086 375
Civic Centre Ext		50610027704		9 707 692	-	878 602	8 829 090
Civic Centre Ext		Loan 9078		8 637 786	-	290 652	8 347 134
Community Halls		18721		2 564 106	-	130 594	2 433 512
				<b>27 595 826</b>	<b>-</b>	<b>2 899 715</b>	<b>24 696 111</b>
<b>Total external loans</b>							
Loan Stock				16 733 329	-	1 942 812	14 790 517
Development Bank of South Africa				35 483 398	-	2 464 906	33 018 492
Other loans				27 595 826	-	2 899 715	24 696 111
				<b>79 812 553</b>	<b>-</b>	<b>7 307 433</b>	<b>72 505 120</b>



**Moses Kotane Local Municipality**  
**Moses Kotane Local Municipality**  
**Appendix B**  
June 2015

**Analysis of property, plant and equipment as at 30 June 2015**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Prior Year Corrections Rand	Disposals Rand	Additions (See note 2) Rand	Transfers Rand	GRAP 17 Impl Adj (See note ) Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Corrections Rand	Restated OB Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>												
Land (Separate for AFS purposes)	12 825 149	-	12 825 149	-	-	201 000	13 026 149	-	-	-	-	13 026 149
Work in Progress	9 205 549	-	9 205 549	-	-	-	9 205 549	-	-	-	-	9 205 549
Buildings (Separate for AFS purposes)	43 491 442	(15 144 914)	28 346 528	52 560	-	-	28 399 088	(9 099 323)	2 448 900	(6 650 423)	(7 577 231)	20 821 857
	<b>65 522 140</b>	<b>(15 144 914)</b>	<b>50 377 226</b>	<b>52 560</b>	<b>-</b>	<b>201 000</b>	<b>50 630 786</b>	<b>(9 099 323)</b>	<b>2 448 900</b>	<b>(6 650 423)</b>	<b>(7 577 231)</b>	<b>43 053 555</b>
<b>Infrastructure</b>												
Roads, Pavements & Bridges	452 895 033	22 397 536	475 292 568	11 069 428	-	-	486 361 997	(278 902 422)	(1 836 232)	(280 738 654)	(305 548 569)	180 813 428
Street lightning	37 568 016	-	37 568 016	-	-	-	37 568 016	(9 415 499)	-	9 415 499	(10 883 857)	26 684 159
Water Reticulation	341 705 166	6 593 053	348 298 220	985 293	-	-	349 271 358	(158 805 626)	(208 155)	(159 013 781)	(168 142 793)	181 128 565
Water Boreholes	38 779 403	2 632 663	41 412 066	2 238 234	-	-	39 731 555	(24 110 240)	(543 082)	24 653 322	(28 657 895)	11 073 660
Water pumpstations	4 347 195	-	4 347 195	61 961	-	-	4 396 025	(2 999 576)	-	(2 999 576)	(3 173 459)	1 222 566
Water reservoirs	78 577 662	356 675	78 934 337	505 644	-	-	79 374 202	(29 477 713)	(20 002)	(5 766 082)	(32 433 516)	46 940 686
Water bulk pipelines	199 714 964	-	199 714 964	-	-	-	199 714 964	(135 349 130)	-	(135 349 130)	(139 767 969)	59 946 995
Water Treatment works	9 831 189	177 339	10 008 528	196 125	-	-	10 154 796	(5 766 604)	(9 478)	-	(6 292 738)	3 862 058
Stormwater	-	-	-	2 675 694	-	-	2 675 694	-	-	-	(148 506)	2 527 188
Sewer Main and purification plant	63 603 511	1 000	63 604 511	9 569 504	-	-	73 119 057	(37 505 471)	(111)	(37 505 582)	(40 462 193)	32 656 864
Refuse removal	29 107 193	-	29 107 193	2 378 856	-	-	31 486 049	(16 007 760)	248 737	(15 759 023)	(17 254 705)	14 231 344
Work in Progress	195 153 422	(32 158 265)	162 995 157	78 014 178	-	-	241 009 335	-	-	-	-	241 009 335
	<b>1 451 282 754</b>	<b>1</b>	<b>1 451 282 755</b>	<b>107 694 917</b>	<b>-</b>	<b>-</b>	<b>1 554 863 048</b>	<b>(698 340 041)</b>	<b>(2 368 323)</b>	<b>(603 063 007)</b>	<b>(752 766 200)</b>	<b>802 096 848</b>
<b>Community Assets</b>												
Parks & gardens	6 258 668	-	6 258 668	-	-	-	6 258 668	(2 473 279)	-	-	(2 652 963)	3 605 705
Civic Building	41 699 134	15 814 720	57 513 854	834 522	-	-	58 348 376	(12 657 429)	(2 687 031)	(15 344 460)	(17 964 988)	40 383 388
Libraries	3 878 134	246 797	4 124 932	-	-	-	4 124 932	(1 180 218)	(33 200)	(1 213 418)	(1 311 435)	2 813 497
Recreational grounds	21 289 934	-	21 289 934	-	-	-	21 289 934	(8 287 964)	2	(8 287 962)	(9 540 716)	11 749 218
Cementries	7 369 168	-	7 369 168	12 000	-	-	7 381 168	(2 005 401)	-	(2 005 401)	(2 503 355)	4 877 813
Work in Progress	50 629 833	(916 603)	49 713 230	15 045 621	-	-	64 758 851	-	-	-	-	64 758 851
	<b>131 124 871</b>	<b>15 144 914</b>	<b>146 269 786</b>	<b>15 892 143</b>	<b>-</b>	<b>-</b>	<b>162 161 929</b>	<b>(26 604 291)</b>	<b>(2 720 229)</b>	<b>(26 851 241)</b>	<b>(33 973 457)</b>	<b>128 188 472</b>

## June 2015

### Analysis of property, plant and equipment as at 30 June 2015

Opening Balance Rand	Prior Year Corrections Rand	Disposals Rand	Additions ( See note 2) Rand	Transfers Rand	GRAP 17 Impl Adj (See note ) Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Corrections Rand	Restated OB Rand	Closing Balance Rand	Carrying value Rand
14 000	-	-	-	-	-	14 000	-	-	-	-	14 000
14 000	-	-	-	-	-	14 000	-	-	-	-	14 000
33 810 577	-	33 810 577	16 455 048	-	-	50 178 379	(22 121 816)	-	-	(25 275 349)	24 903 030
9 403 716	-	9 403 716	214 164	(1 619 801)	-	7 998 079	(6 408 452)	-	-	(7 599 039)	399 040
5 184 951	-	5 184 951	3 896 301	-	-	9 081 252	(3 889 527)	-	-	(4 461 734)	4 619 518
23 452 385	(3 111 000)	23 452 385	24 542 818	-	-	44 884 203	(6 037 046)	-	(6 037 046)	(10 749 875)	34 134 328
71 851 629	(3 111 000)	71 851 629	45 108 331	(1 619 801)	-	112 141 913	(38 456 841)	-	(6 037 046)	(48 085 997)	64 055 916

## June 2015

Opening Balance Rand	Prior Year Corrections Rand	Disposals Rand	Additions ( See note 2) Rand	Transfers Rand	GRAP 17 Impl Adj (See note ) Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Corrections Rand	Restated OB Rand	Closing Balance Rand	Carrying value Rand
65 522 140	(15 144 914)	50 377 226	52 560	-	201 000	50 630 786	(9 099 323)	2 448 900	(6 650 423)	(14 227 654)	43 053 555
1 451 282 754	1 451 282 755	107 694 917	-	-	1 554 863 047	(698 340 041)	(2 368 323)	(603 063 007)	1 355 829 207	802 096 848	
131 124 871	15 144 914	146 269 786	15 892 143	-	-	162 161 927	(26 604 291)	(2 720 229)	(26 851 241)	(60 824 698)	128 188 472
14 000	-	-	-	-	-	14 000	-	-	-	-	14 000
71 851 629	(3 111 000)	71 851 629	45 108 331	(1 619 801)	-	112 141 913	(38 456 841)	-	(6 037 046)	(54 123 043)	64 055 916
1 719 795 394	(3 110 999)	1 719 781 396	168 747 951	(1 619 801)	201 000	1 879 811 673	(772 500 496)	(2 639 652)	(642 601 717)	1 485 004 602	1 037 408 791

Land and buildings	65 522 140	(15 144 914)	50 377 226	<b>52 560</b>	-	<b>201 000</b>	<b>50 630 786</b>	(9 099 323)	2 448 900	(6 650 423)	<b>(14 227 654)</b>	43 053 555
Infrastructure	1 451 282 754	1	1 451 282 755	<b>107 694 917</b>	-	-	<b>1 554 863 047</b>	(698 340 041)	(2 368 323)	(603 063 007)	<b>1 355 829 207</b>	802 198 848
Community Assets	131 124 871	15 144 914	146 269 785	<b>15 892 143</b>	-	-	<b>162 161 927</b>	(26 604 291)	(2 720 229)	(26 851 241)	<b>(80 824 698)</b>	128 188 472
Heritage assets	14 000	-	-	-	-	-	<b>14 000</b>	-	-	-	-	14 000
Other assets	71 851 629	(3 111 000)	71 851 629	<b>45 108 331</b>	(1 619 801)	-	<b>112 141 913</b>	(38 456 841)	-	(6 037 046)	<b>(54 123 043)</b>	64 055 916
	<b>1 719 795 394</b>	<b>(3 110 999)</b>	<b>1 719 781 396</b>	<b>168 747 951</b>	<b>(1 619 801)</b>	<b>201 000</b>	<b>1 879 811 673</b>	<b>(772 500 496)</b>	<b>(2 639 652)</b>	<b>(642 601 717)</b>	<b>1 485 004 602</b>	<b>1 037 408 791</b>

## Total

Land and buildings	65 522 140	(15 144 914)	50 377 226	<b>52 560</b>	-	<b>201 000</b>	<b>50 630 786</b>	(9 099 323)	2 448 900	(6 650 423)	<b>(7 577 231)</b>	43 053 555
Infrastructure	1 451 282 754	1	1 451 282 755	<b>107 694 917</b>	-	-	<b>1 554 863 047</b>	(698 340 041)	(2 368 323)	(603 063 007)	<b>(752 766 200)</b>	802 096 848
Community Assets	131 124 871	15 144 914	146 269 786	<b>15 892 143</b>	-	-	<b>162 161 927</b>	(26 604 291)	(2 720 229)	(26 851 241)	<b>(33 973 457)</b>	128 188 472
Heritage assets	14 000	-	-	-	-	-	<b>14 000</b>	-	-	-	-	14 000
Other assets	71 851 629	(3 111 000)	71 851 629	<b>45 108 331</b>	(1 619 801)	-	<b>112 141 913</b>	(38 456 841)	-	(6 037 046)	<b>(48 085 997)</b>	64 055 916
	<b>1 719 795 394</b>	<b>(3 110 999)</b>	<b>1 719 781 396</b>	<b>168 747 951</b>	<b>(1 619 801)</b>	<b>201 000</b>	<b>1 879 811 673</b>	<b>(772 500 496)</b>	<b>(2 639 652)</b>	<b>(642 601 717)</b>	<b>(842 402 885)</b>	<b>1 037 408 791</b>

# Moses Kotane Local Municipality

## Appendix D

June 2015

### Segmental Statement of Financial Performance for the year ended Prior Year Current Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
<b>Municipality</b>						
41 845	84 137 397	(84 095 552)	Executive & Council/Mayor and Council	-	78 061 497	(78 061 497)
398 718 327	77 593 940	321 124 387	Finance & Admin/Finance	410 881 311	173 846 457	237 034 854
181 969	11 597 765	(11 415 796)	Planning and Development/Economic Development/Plan	82 727	14 757 720	(14 674 993)
1 115 623	27 754 743	(26 639 120)	Comm. & Social/Libraries and archives	530 679	1 348 592	(817 913)
1 204 300	5 534 028	(4 329 728)	Public Safety/Police	1 204 300	5 762 308	(4 558 008)
439	12 418 745	(12 418 306)	Sport and Recreation	-	12 399 299	(12 399 299)
31 067 130	28 328 461	2 738 669	Waste Water Management/Sewerage	58 787 870	47 500 366	11 287 504
1 512	64 286 007	(64 284 495)	Road Transport/Roads	6 958 104	60 437 788	(53 479 684)
169 734 334	148 083 764	21 650 570	Water/Water Distribution	182 165 147	187 220 100	(5 054 953)
<b>602 065 479</b>	<b>459 734 850</b>	<b>142 330 629</b>		<b>660 610 138</b>	<b>581 334 127</b>	<b>79 276 011</b>
<b>Municipal Owned Entities Other charges</b>						
602 065 479	459 734 850	142 330 629	Municipality	660 610 138	581 334 127	79 276 011
<b>602 065 479</b>	<b>459 734 850</b>	<b>142 330 629</b>	<b>Total</b>	<b>660 610 138</b>	<b>581 334 127</b>	<b>79 276 011</b>

# Moses Kotane Local Municipality

## Appendix E(2)

June 2015

### Budget Analysis of Capital Expenditure as at 30 June 2015

	Additions	Revised Budget	Variance	Variance	Explanation of significant
	Rand	Budget	Rand	%	variances from budget
		Rand			
<b>Municipality</b>					
Other Assets - Furniture & Office equipment	3 896 301		2 916 709	(979 592)	<b>(34)</b> Infrastructure not reallocated to new civic center
Other Assets - Computers (hardware & equipment)	24 542 818		8 939 000	(15 603 818)	<b>(175)</b> recabling of new civic center
Other Assets - Plant & Equipment	214 164		700 000	485 836	<b>69</b> Upgrading of boreholes in villages
Other Assets - Civic Land & Buildings	12 497 959		18 726 491	6 228 532	<b>33</b> Construction of new community halls
Waste Water Management/Sewerage	10 734 000		12 053 609	1 319 609	<b>11</b> Projects not fully implemented and roll over to the 14/15 financial year
Road Transport/Roads	66 046 000		71 292 270	5 246 270	<b>7</b>
Water/Water Distribution	26 548 000		39 853 649	13 305 649	<b>33</b> Projects not fully implemented and roll over to the 14/15 financial year
Electricity /Electricity Distribution	-		24 614 441	24 614 441	<b>100</b> Projects not fully implemented and roll over to the 14/15 financial year
Other Assets - General Vehicles	16 455 048		27 730 000	11 274 952	<b>41</b> Projects not fully implemented and roll over to the 14/15 financial year
Infrastructure - Other	7 929 710		10 580 733	2 651 023	<b>25</b> Projects not fully implemented and roll over to the 14/15 financial year
Community - Libraries	-		400 000	400 000	<b>100</b> Project financed from the library grant
	<b>168 864 000</b>	<b>217 806 902</b>	<b>48 942 902</b>	<b>22</b>	
<b>Municipal Owned Entities</b>					
<b>Other charges</b>					

**Moses Kotane Local Municipality**
**Appendix F**
**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**

June 2015

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Jun	Sep	Dec	Mar	Jun		
FMG	National treasury	1 600	-	-	-	-	92	203	157	1 148	-	-	-	-	-	-		Yes
MSIG	COGTA	934	-	-	-	-	-	-	396	538	-	-	-	-	-	-		Yes
EPWP	Public works	738	554	553	-	-	1 845	-	-	-	-	-	-	-	-	-		Yes
DWA-Operation and maintenance	DWA	1 875	3 750	1 875	-	-	-	1 535	5 855	110	-	-	-	-	-	-		Yes
Mogwase library grant	DEP sports arts and Culture	-	400	-	-	-	-	-	-	272	-	-	-	-	-	-	The municipality was underspending on Library projects	No
EEDSM	DEP Egergy	1 500	1 500	1 000	-	-	-	-	49	3 688	-	-	-	-	-	-	The municipality was underspending on EEDSM projects	No
MIG	COGTA	19 625	52 335	38 877	-	-	21 397	16 167	19 688	51 511	-	-	20 000	-	-	-	The municipality was underspending on MIG projects	No
Water Conservation Management Grant	DWA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Disaster Management				100														
		26 272	58 539	42 405	-	-	23 334	17 905	26 145	57 267	-	-	20 000	-	-	-		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

## Appendix G1

### Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue - Standard</b>															
<b>Governance and administration</b>	<b>255 595 000</b>	<b>25 792 000</b>	<b>281 387 000</b>	-		<b>281 387 000</b>	<b>410 881 311</b>		<b>129 494 311</b>	<b>146 %</b>	<b>161 %</b>				<b>396 421 000</b>
Executive and council	-	-	-	-		-	-		-	- %	- %				42 000
Budget and treasury office	254 670 000	26 196 000	280 866 000	-		280 866 000	410 711 990		129 845 990	146 %	161 %				396 192 000
Corporate services	925 000	(404 000)	521 000	-		521 000	169 321		(351 679)	32 %	18 %				187 000
<b>Community and public safety</b>	<b>3 933 000</b>	<b>2 000</b>	<b>3 935 000</b>	-		<b>3 935 000</b>	<b>1 734 979</b>		<b>(2 200 021)</b>	<b>44 %</b>	<b>44 %</b>				<b>4 056 223</b>
Community and social services	422 000	6 000	428 000	-		428 000	530 679		102 679	124 %	126 %				1 115 623
Sport and recreation	11 000	(4 000)	7 000	-		7 000	-		(7 000)	- %	- %				-
Public safety	3 500 000	-	3 500 000	-		3 500 000	1 204 300		(2 295 700)	34 %	34 %				2 940 600
<b>Economic and environmental services</b>	<b>3 468 000</b>	<b>(50 000)</b>	<b>3 418 000</b>	-		<b>3 418 000</b>	<b>7 040 831</b>		<b>3 622 831</b>	<b>206 %</b>	<b>203 %</b>				<b>1 478 543</b>
Planning and development	200 000	(50 000)	150 000	-		150 000	82 727		(67 273)	55 %	41 %				181 969
Road transport	3 268 000	-	3 268 000	-		3 268 000	6 958 104		3 690 104	213 %	213 %				1 296 574
Environmental protection	-	-	-	-		-	-		-	- %	- %				-
<b>Trading services</b>	<b>239 308 000</b>	<b>(6 280 000)</b>	<b>233 028 000</b>	-		<b>233 028 000</b>	<b>240 953 017</b>		<b>7 925 017</b>	<b>103 %</b>	<b>101 %</b>				<b>200 430 113</b>
Water	180 536 000	(6 000 000)	174 536 000	-		174 536 000	182 165 147		7 629 147	104 %	101 %				-
Waste water management	13 060 000	(180 000)	12 880 000	-		12 880 000	12 854 720		(25 280)	100 %	98 %				10 142 278
Waste management	45 712 000	(100 000)	45 612 000	-		45 612 000	45 933 150		321 150	101 %	100 %				20 924 853
<b>Total Revenue - Standard</b>	<b>502 304 000</b>	<b>19 464 000</b>	<b>521 768 000</b>	-		<b>521 768 000</b>	<b>660 610 138</b>		<b>138 842 138</b>	<b>127 %</b>	<b>132 %</b>				<b>602 385 879</b>

# Appendix G1

## Budgeted Financial Performance (revenue and expenditure by standard classification)

### for the year ended 30 June 2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>228 454 000</b>	<b>22 306 000</b>	<b>250 760 000</b>	-	-	<b>250 760 000</b>	<b>87 670 214</b>	-	<b>(163 089 786)</b>	<b>35 %</b>	<b>38 %</b>	-	-	-	<b>176 263 523</b>
Executive and council	78 060 000	787 000	78 847 000	-	-	78 847 000	7 806 147	-	(71 040 853)	10 %	10 %	-	-	-	80 751 290
Budget and treasury office	52 935 000	10 535 000	63 470 000	-	-	63 470 000	59 992 000	-	(3 478 000)	95 %	113 %	-	-	-	44 440 108
Corporate services	97 459 000	10 984 000	108 443 000	-	-	108 443 000	19 872 067	-	(88 570 933)	18 %	20 %	-	-	-	51 072 125
<b>Community and public safety</b>	<b>146 987 000</b>	<b>(4 498 000)</b>	<b>142 489 000</b>	-	-	<b>142 489 000</b>	<b>118 454 000</b>	-	<b>(24 035 000)</b>	<b>83 %</b>	<b>81 %</b>	-	-	-	<b>104 586 793</b>
Community and social services	5 404 000	130 000	5 534 000	-	-	5 534 000	6 128 000	-	594 000	111 %	113 %	-	-	-	5 237 351
Sport and recreation	17 032 000	(706 000)	16 326 000	-	-	16 326 000	13 273 000	-	(3 053 000)	81 %	78 %	-	-	-	12 205 185
Public safety	20 059 000	(1 291 000)	18 768 000	-	-	18 768 000	5 931 000	-	(12 837 000)	32 %	30 %	-	-	-	13 898 701
<b>Economic and environmental services</b>	<b>83 677 000</b>	<b>(1 802 000)</b>	<b>81 875 000</b>	-	-	<b>81 875 000</b>	<b>78 334 000</b>	-	<b>(3 541 000)</b>	<b>96 %</b>	<b>94 %</b>	-	-	-	<b>61 681 826</b>
Planning and development	20 815 000	(829 000)	19 986 000	-	-	19 986 000	14 788 000	-	(5 198 000)	74 %	71 %	-	-	-	11 563 730
Road transport	62 862 000	(973 000)	61 889 000	-	-	61 889 000	63 546 000	-	1 657 000	103 %	101 %	-	-	-	50 118 096
<b>Trading services</b>	<b>226 919 000</b>	<b>1 320 000</b>	<b>228 239 000</b>	-	-	<b>228 239 000</b>	<b>195 087 000</b>	-	<b>(33 152 000)</b>	<b>85 %</b>	<b>86 %</b>	-	-	-	<b>179 565 301</b>
Water	170 777 000	2 978 000	173 755 000	-	-	173 755 000	165 964 000	-	(7 791 000)	96 %	97 %	-	-	-	154 627 120
Waste water management	12 119 000	(748 000)	11 371 000	-	-	11 371 000	21 769 000	-	10 398 000	191 %	180 %	-	-	-	-
Waste management	44 023 000	(910 000)	43 113 000	-	-	43 113 000	7 354 000	-	(35 759 000)	17 %	17 %	-	-	-	24 938 181
<b>Total Expenditure - Standard</b>	<b>581 545 000</b>	<b>19 957 000</b>	<b>601 502 000</b>	-	-	<b>601 502 000</b>	<b>386 423 214</b>	-	<b>(215 078 786)</b>	<b>64 %</b>	<b>66 %</b>	-	-	-	<b>448 851 887</b>
<b>Surplus/(Deficit) for the year</b>	<b>(79 241 000)</b>	<b>(493 000)</b>	<b>(79 734 000)</b>	-		<b>(79 734 000)</b>	<b>274 186 924</b>		<b>353 920 924</b>	<b>(344)%</b>	<b>(346)%</b>				<b>153 533 992</b>



# Appendix G3

## Budgeted Financial Performance (revenue and expenditure)

### for the year ended 30 June 2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue By Source</b>															
Property rates	45 722 000	20 051 000	65 773 000	-		65 773 000	65 624 000		(149 000)	100 %	144 %				54 104 609
Service charges - water revenue	108 885 000	(6 000 000)	102 885 000	-		102 885 000	102 965 138		80 138	100 %	95 %				83 365 309
Service charges - sanitation revenue	3 060 000	-	3 060 000	-		3 060 000	2 855 000		(205 000)	93 %	93 %				-
Service charges - refuse revenue	21 712 000	(100 000)	21 612 000	-		21 612 000	21 933 000		321 000	101 %	101 %				5 471 853
Interest earned - external investments	9 300 000	400 000	9 700 000	-		9 700 000	10 291 000		591 000	106 %	111 %				10 394 667
Interest earned - outstanding debtors	16 500 000	6 000 000	22 500 000	-		22 500 000	22 871 000		371 000	102 %	139 %				17 761 707
Fines	3 500 000	-	3 500 000	-		3 500 000	1 204 000		(2 296 000)	34 %	34 %				2 940 600
Transfers recognised - operational	291 261 000	-	291 261 000	-		291 261 000	431 619 000		140 358 000	148 %	148 %				256 421 071
Other revenue	2 364 000	(707 000)	1 657 000	-		1 657 000	1 248 000		(409 000)	75 %	53 %				941 610
Gains on disposal of PPE	-	-	-	-		-	-		-	- %	- %				-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>502 304 000</b>	<b>19 644 000</b>	<b>521 948 000</b>	<b>-</b>		<b>521 948 000</b>	<b>660 610 138</b>		<b>138 662 138</b>	<b>127 %</b>	<b>132 %</b>				<b>431 401 426</b>

# Appendix G3

## Budgeted Financial Performance (revenue and expenditure)

### for the year ended 30 June 2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as of Final Budget	Actual Outcome as of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Employee related costs	152 935 000	(8 916 000)	144 019 000	-	-	144 019 000	129 574 000	-	(14 445 000)	90 %	85 %	-	-	-	115 660 606
Remuneration of councillors	19 515 000	-	19 515 000	-	-	19 515 000	19 154 000	-	(361 000)	98 %	98 %	-	-	-	18 178 882
Debt impairment	51 518 000	2 480 000	53 998 000		-	53 998 000	59 111 000	-	5 113 000	109 %	115 %	-	-	-	65 865 525
Depreciation & asset impairment	95 468 000	-	95 468 000		-	95 468 000	67 342 000	-	(28 126 000)	71 %	71 %	-	-	-	64 814 883
Finance charges	9 998 000	-	9 998 000	-	-	9 998 000	9 316 000	-	(682 000)	93 %	93 %	-	-	-	8 586 287
Bulk purchases	43 500 000	-	43 500 000	-	-	43 500 000	55 524 546	-	12 024 546	128 %	128 %	-	-	-	41 849 414
Other materials	33 148 000	2 337 000	35 485 000	-	-	35 485 000	45 433 000	-	9 948 000	128 %	137 %	-	-	-	-
Contracted services	29 000 000	(1 221 000)	27 779 000	-	-	27 779 000	24 293 000	-	(3 486 000)	87 %	84 %	-	-	-	27 756 081
Other expenditure	146 463 000	25 277 000	171 740 000	-	-	171 740 000	171 586 581	-	(153 419)	100 %	117 %	-	-	-	117 023 171
<b>Total Expenditure</b>	<b>581 545 000</b>	<b>19 957 000</b>	<b>601 502 000</b>	<b>-</b>	<b>-</b>	<b>601 502 000</b>	<b>581 334 127</b>	<b>-</b>	<b>(20 167 873)</b>	<b>97 %</b>	<b>100 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459 734 849</b>
<b>Surplus/(Deficit)</b>	<b>(79 241 000)</b>	<b>(313 000)</b>	<b>(79 554 000)</b>	<b>-</b>		<b>(79 554 000)</b>	<b>79 276 011</b>		<b>158 830 011</b>	<b>(100)%</b>	<b>(100)%</b>				<b>(28 333 423)</b>
Transfers recognised - capital	120 041 000	87 757 000	207 798 000	-		207 798 000	184 279 094		(23 518 906)	89 %	154 %				146 661 841
Contributions recognised - capital	(120 041 000)	(92 500 000)	(212 541 000)	-		(212 541 000)	-		212 541 000	- %	- %				-
<b>Surplus/(Deficit) after taxation</b>	<b>(79 241 000)</b>	<b>(5 056 000)</b>	<b>(84 297 000)</b>	<b>-</b>		<b>(84 297 000)</b>	<b>263 555 105</b>		<b>347 852 105</b>	<b>(313)%</b>	<b>(333)%</b>				<b>118 328 418</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(79 241 000)</b>	<b>(5 056 000)</b>	<b>(84 297 000)</b>	<b>-</b>		<b>(84 297 000)</b>	<b>263 555 105</b>		<b>347 852 105</b>	<b>(313)%</b>	<b>(333)%</b>				<b>118 328 418</b>
<b>Surplus/(Deficit) for the year</b>	<b>(79 241 000)</b>	<b>(5 056 000)</b>	<b>(84 297 000)</b>	<b>-</b>		<b>(84 297 000)</b>	<b>263 555 105</b>		<b>347 852 105</b>	<b>(313)%</b>	<b>(333)%</b>				<b>118 328 418</b>

# Moses Kotane Local Municipality

## Appendix G5

### Budgeted Cash Flows

#### for the year ended 30 June 2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Cash flow from operating activities</b>									
<b>Receipts</b>									
Ratepayers and other	112 984 000	50 983 000	163 967 000	163 967 000	178 084 000	14 117 000	109 %	158 %	902 909 763
Government - operating	291 060 000	23 259 000	314 319 000	314 319 000	283 809 000	(30 510 000)	90 %	98 %	256 421 071
Government - capital	131 569 000	400 000	131 969 000	131 969 000	128 837 000	(3 132 000)	98 %	98 %	146 661 841
Interest	9 300 000	-	9 300 000	9 300 000	33 162 000	23 862 000	357 %	357 %	28 156 373
<b>Payments</b>									
Suppliers and employees	(386 495 000)	(52 320 000)	(438 815 000)	(438 815 000)	(516 631 000)	(77 816 000)	118 %	134 %	486 364 328
Finance charges	(9 998 000)	-	(9 998 000)	(9 998 000)	(9 316 000)	682 000	93 %	93 %	8 586 287
<b>Net cash flow from/used operating activities</b>	<b>148 420 000</b>	<b>22 322 000</b>	<b>170 742 000</b>	<b>170 742 000</b>	<b>97 945 000</b>	<b>(72 797 000)</b>	<b>57 %</b>	<b>66 %</b>	<b>1 829 099 663</b>
<b>Cash flow from investing activities</b>									
<b>Receipts</b>									
Decrease (Increase) in non-current investments	-	-	-	-	(12 932)	(12 932)	- %	- %	-
Decrease (Increase) in non-current debtors	37 295 000	20 000 000	57 295 000	57 295 000	-	(57 295 000)	- %	- %	12 015
Capital Replacement Reserve	-	-	-	-	-	-	- %	- %	-
Correction of error	-	-	-	-	1 667 000	1 667 000	- %	- %	-
<b>Payments</b>									
Capital assets	(183 548 000)	(34 259 000)	(217 807 000)	(217 807 000)	(168 864 000)	48 943 000	78 %	92 %	-
<b>Net cash flow from/used investing activities</b>	<b>(146 253 000)</b>	<b>(14 259 000)</b>	<b>(160 512 000)</b>	<b>(160 512 000)</b>	<b>(167 209 932)</b>	<b>(6 697 932)</b>	<b>104 %</b>	<b>114 %</b>	<b>12 015</b>
<b>Cash flow from financing activities</b>									
<b>Receipts</b>									
Borrowing long term/refinancing	9 000 000	(9 000 000)	-	-	-	-	DIV/0 %	- %	8 606 400
Finance lease payments	-	-	-	-	(3 834 000)	(3 834 000)	- %	- %	-
<b>Payments</b>									
Repayment of borrowing	(9 937 000)	-	(9 937 000)	(9 937 000)	(7 307 000)	2 630 000	74 %	74 %	252 640
<b>Net cash flow from/used financing activities</b>	<b>(937 000)</b>	<b>(9 000 000)</b>	<b>(9 937 000)</b>	<b>(9 937 000)</b>	<b>(11 141 000)</b>	<b>(1 204 000)</b>	<b>112 %</b>	<b>1 189 %</b>	<b>8 859 040</b>
<b>Net increase/(decrease) in cash held</b>	<b>1 230 000</b>	<b>(937 000)</b>	<b>293 000</b>	<b>293 000</b>	<b>(80 405 932)</b>	<b>(80 698 932)</b>	<b>(27 442)%</b>	<b>(6 537)%</b>	<b>1 837 970 718</b>
Cash/cash equivalents at the year begin:					165 889 000				-
<b>Cash/cash equivalents at the year end:</b>	<b>1 230 000</b>	<b>(937 000)</b>	<b>293 000</b>	<b>293 000</b>	<b>85 483 068</b>	<b>(80 698 932)</b>	<b>29 175 %</b>	<b>6 950 %</b>	

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Supplementary Information

MOSES KOTANE LOCAL MUNICIPALITY			
APPENDIX H			
STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2015			
General statistics	2015	2014	
Population	236 845	236 845	
Registered voters	116 000	116 000	
Valuation date: January 2012 with effect from 1 July 2012			
Total valuations	5 083 449 307	3 779 601 000	
Assessment rates			
Calculated on the improved value of the property			
Residential	per rand		
	0,00100	0,00096	
	Less 17,000 on valuation	Less 17,000 on valuation	
	plus a rebate of 20% if developed	plus a rebate of 20% if developed	
Mining	0,06660	0,06283	
Commercial	0,02053	0,01937	
Other properties and right in land			
Sun City	0,03463	0,03267	
Government properties and Tertiary Inst	0,05000	0.03524 less 20%	
Industrial	0,00826	0,00779	
	Less 20 %		
Number of properties			
Residential	Formal	3 242	4 426
Commercial	Formal	131	131
Churches	Formal	36	18
Service charges: (Per site)			
<b>Refuse Removal</b>			
Residential Madikwe	24.49 plus VAT	22.26 plus VAT	
Commercial Madikwe	49.98 plus VAT	44.53 plus VAT	
Residential Mogwase	24.49 plus VAT	22.26 plus VAT	
Commercial Mogwase	49.98 plus VAT	44.53 plus VAT	
<b>Sewerage</b>			
Residential Madikwe	23.60 plus VAT	22.26 plus VAT	
Commercial Madikwe	47.19 plus VAT	44.53 plus VAT	
Residential Mogwase	23.60 plus VAT	22.26 plus VAT	
Commercial Mogwase	47.19 plus VAT	44.53 plus VAT	
Industries	5.78 on 60% of water consumed	5.25 on 60% of water consumed	
<b>Water</b>			
Residential	0 to 6kl Free of Charge	0 to 6kl Free of Charge	
	6.1 to 45kl 12.24	6.1 to 45kl 11.13	
	45.1 kl and above 14.08	45.1 kl and above 12.8	
Small Business and State Department	0 to 45 kl 12.24	0 to 45 kl 11.13	
	45.1 kl and above 14.66	45.1 kl and above 13.33	
Bulk Consumers	9.23 per kl	8.39 per kl	
Industrial and large consumers	12.65 per kl	11.50 per kl	
All water tariffs are excluding VAT			
<b>Water Statistics</b>			
Number of users	22 576	20 790	
Kl Purchased	13 317 004	11 307 837	
Kl Sold	9 415 621,00	9 233 891,00	
Free basic Kl	1 064 167,00	1 080 082,00	
Kl Lost in distribution	2 837 216,00	993 864,00	
Percentage lost in distribution	21	9	
Cost per kl bought	4,2580	3,3724	
Loss in distribution	12 080 866,00	3 701 149,54	
Cost per kl sold	13,67	16,62	
Income per kl sold	9,55	9,19	
Number of employees	463	417	
Number of councillors	62	62	

\* See Note 35

The supplementary information presented does not form part of the financial statements and is unaudited

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Supplementary Information

Councillor	Position	2014/15 Tabled Package	Telephone allowance	Data Facility	15% Pension	Medical	Travel Allowance	Salary	Total Package Data Facility	Note
Mokati - Thebe F	Mayor	718 495,00	-	3 600,00	65 049,69	17 280,00	179 624,18	456 541,13	718 495,00	
Diale RA	Speaker	574 796,00	20 868,00	3 600,00	53 843,01	-	143 698,75	377 254,24	574 796,00	
Nkotswe M N	Executive	538 872,00	20 868,00	3 600,00	48 223,86	17 280,00	134 718,04	338 650,10	538 872,00	
Tshethlane D R	Executive	538 872,00	20 868,00	3 600,00	48 223,86	17 280,00	134 718,04	338 650,10	538 872,00	
Motshabi C N	Executive	538 872,00	20 868,00	3 600,00	43 840,71	16 513,20	134 718,04	343 800,05	538 872,00	
Setou A B	Executive	538 872,00	20 868,00	3 600,00	48 223,86	17 280,00	134 718,04	338 650,10	538 872,00	
Lesele K	Executive	538 872,00	20 868,00	3 600,00	50 477,82		134 718,04	353 676,14	538 872,00	
Manganye T R	Executive	538 872,00	20 868,00	3 600,00	50 477,82		134 718,04	353 676,14	538 872,00	
Mashimo R E	Executive	538 872,00	20 868,00	3 600,00	50 477,82		134 718,04	353 676,14	538 872,00	
Tlabyane D R	Executive	538 872,00	20 868,00	3 600,00	48 223,86	17 280,00	134 718,04	338 650,10	538 872,00	
Kapari L L	Executive	538 872,00	19 129,00	3 300,00	42 189,00		116 345,27	305 283,81	463 818,08	
Vava S S	MPAC Chair	502 946,00	20 868,00	3 600,00	47 112,48	-	125 736,50	330 097,02	502 946,00	
<b>Total</b>		<b>5 352 794,00</b>	<b>206 941,00</b>	<b>35 700,00</b>	<b>477 471,09</b>	<b>85 633,20</b>	<b>1 319 826,09</b>	<b>3 394 809,70</b>	<b>5 277 740,08</b>	
Matshaba M Z	Whip	538 872,00	20 868,00	3 600,00	48 223,86	17 280,00	134 718,04	338 650,10	538 872,00	
Deleki N	Councillor	215 548,00	20 868,00	3 600,00	20 191,12	-	53 887,00	141 469,88	215 548,00	
Ndlovu H	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Khunou M K	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Letlape A T	Councillor	215 548,00	20 868,00	3 600,00	17 869,11	17 802,00	53 887,00	125 989,89	215 548,00	
Lephoto E T	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Leoto M D	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Lukhele R M	Councillor	215 548,00	20 868,00	3 600,00	18 237,24	14 979,60	53 887,00	128 444,16	215 548,00	
Magodiello M A	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Makgothi M S	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Manganye S M	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Billi L H	Councillor	215 548,00	20 868,00	3 600,00	20 191,11		53 887,00	141 469,89	215 548,00	
Mashishi S N	Councillor	215 548,00	20 868,00	3 600,00	18 216,97	15 135,00	53 887,00	128 309,03	215 548,00	
Matlapeng S S	Councillor	215 548,00	20 868,00	3 600,00	18 237,24	14 979,60	53 887,00	128 444,16	215 548,00	
Mekgwé J D	Councillor	215 548,00	3 478,00	600,00	5 944,47		8 472,84	30 303,69	44 721,00	
Mkhandawiri P P	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Mngomezulu P P	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Moate L	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Moatshe G D	Councillor	215 548,00	20 868,00	3 600,00	18 723,73	18 150,00	53 887,00	124 787,27	215 548,00	
Mokgathe	Councillor	215 548,00	20 868,00	3 600,00	19 627,63	4 320,00	53 887,00	137 713,37	215 548,00	
Moloi F	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Monyatsi M V	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Monnakgotla T	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Selotlego J	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Morape S S	Councillor	215 548,00	20 868,00	3 600,00	18 219,89	15 112,80	53 887,00	128 328,31	215 548,00	
Moeng T J	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Morua E G	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Motshogoe D M	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Mothaga P R	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Nhlapo L	Councillor	215 548,00	20 868,00	3 600,00	18 054,43	16 509,60	53 887,00	127 096,97	215 548,00	
Ramapotoka G M	Councillor	215 548,00	20 868,00	3 600,00	19 627,65	5 760,00	53 887,00	136 273,35	215 548,00	
Motsoenyane M Z	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Moyo D F	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Masilo J	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Nondzaba M	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Maretele J	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Matshereng	Councillor	215 548,00	20 868,00	3 600,00	17 486,40	20 736,00	53 887,00	123 438,60	215 548,00	
Pele J M	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Rasepae M D	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Pheto M R	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Ntshabele S	Councillor	215 548,00	20 868,00	3 600,00	18 054,43	16 509,60	53 887,00	127 096,97	215 548,00	
Radiokana J M	Councillor	215 548,00	20 868,00	3 600,00	17 937,18	17 280,00	53 887,00	126 443,82	215 548,00	
Ramokoka A R	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Sekao H B	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Sekhu S K	Councillor	215 548,00	20 868,00	3 600,00	19 688,46	3 853,80	53 887,00	138 118,74	215 548,00	
Sitha M L	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Tau D D	Councillor	215 548,00	20 868,00	3 600,00	19 688,46	3 853,80	53 887,00	138 118,74	215 548,00	
Thusi M B	Councillor	215 548,00	3 478,00	600,00	5 944,47		8 472,84	30 303,69	44 721,00	
Tshite L M j	Councillor	215 548,00	20 868,00	3 600,00	20 191,12		53 887,00	141 469,88	215 548,00	
Kapari L L	Councillor	215 548,00	-	-	1 657,73		4 236,42	11 051,52	16 945,67	
Lesomo LP	Councillor	215 548,00	19 129,00	3 300,00	17 848,92		49 396,38	129 680,72	196 926,02	
Monaise J B	Councillor	215 548,00	15 027,61	3 000,00	16 729,80		45 392,47	126 092,22	188 214,49	
Kodongo	Councillor	215 548,00	11 549,61	2 400,00	11 902,47		36 716,29	105 393,72	154 012,48	
		<b>11 208 496,00</b>	<b>1 012 590,22</b>	<b>175 500,00</b>	<b>943 273,11</b>	<b>357 781,80</b>	<b>2 631 489,24</b>	<b>6 628 204,51</b>	<b>10 560 748,66</b>	
		18 393 453,00	1 261 267,22	222 000,00	1 587 860,76	477 975,00	4 409 356,30	11 195 459,68	17 670 651,74	
			1 483 267,22		1 587 860,76		4 409 356,30			

\* See Note 35

The supplementary information presented does not form part of the financial statements and is unaudited

# Moses Kotane Local Municipality

(Demarcation code NW375)

Financial Statements for the year ended 30 June 2015

## Supplementary Information

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2014/15	Telephone	Data Facility	15% Pension	Medical	Travel	Salary	Total	Note
	1 483 267,22	-	1 587 860,76	477 975,00	4 409 356,30	-	19 153 918,96	
NB: Cllr Kapari LL was a part time councillor before he was appointed as a full time Councillor								

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\* See Note 35